SPECIAL DISTRICTS – AUDIT FAILURES

BACKGROUND:

Special Districts are authorized by the State of California and/or the Local Agency Formation Commission (LAFCO). After their creation, special districts became independent and, seemingly, unwatched.

Each independent special district has an elected (or appointed) board which acts as a separate self-regulated entity detached from city/county oversight. The Board members are responsible only to their constituents and to the state laws applicable to that specific district. These independent special districts are agencies that have been created by California law to perform a particular local governmental service. Tulare County is home to 112 independent special districts. This report does not review dependent districts that are set up by cities and the County solely to provide service, but focuses instead on the independent district.

The State of California Government Code (CGC) §16271(d) stipulates:

> "A 'special district' means any agency of the state for local performance of governmental or proprietary functions with limited boundaries. A property tax rate is levied to pay for a service or improvement benefitting that area."

A less complicated way to describe a special district is to say that it is a separate local governmental agency that delivers a limited number of public services to a geographically defined area. In Tulare County, the majority of these districts have to do with water.

Tulare County independent special districts and their boards must abide by all Federal and State laws, and are responsible to their constituents. As with all governmental agencies, independent districts must comply with the directives from the Office of the State Controller. The function of a district may bring it under other laws and statutes that further define responsible operation and governance of the district. For example, all fire districts in Tulare County and the Tulare County Mosquito and Vector Control district must follow sections of the Health and Safety Code (HSC) as well as the Government Code.

The district's registered voters usually choose an independent special district governing body but the district board may be appointed by a city council and/or the Tulare County Board of Supervisors instead of being elected. Once in office, board members are responsible only to their constituents and not the appointing body.

REASON FOR INVESTIGATION:

Tulare County Grand Jury requested and received documents relating to the status of Tulare County's special district audit requirements, pursuant to CGC §26909. This law requires independent special districts to have annual audits conducted by either the County Auditor or a Certified Public Accountant. The completed audit is then filed with the State Controller Office and with the County Auditor Office. The annual audit can be changed to a two year audit if approved unanimously by the district board or the Board of Supervisors under certain conditions.

The Grand Jury seeks to ensure the public has sufficient information to fully address appropriate aspects of overseeing these districts as they provide service to the community by publishing this informational report. It is the residents of each district who must determine if their level of service is satisfactory, if the cost is reasonable and whether funds are allocated judiciously and appropriately within the respective district's budgets. In order to guarantee that each citizen has enough information to make these determinations, all actions of every district must be open and clearly visible to all concerned.

PROCEDURES FOLLOWED:

The Grand Jury interviewed knowledgeable persons within Tulare County government agencies and county special districts. Visits to district board meetings, observation of board parliamentary procedures, and onsite interviews were made. Telephone interviews with County executive officers and a thorough review of reliable documents was conducted during the jury's investigative process.

FACTS:

1. The Grand Jury's review of detailed documents pertaining to the County's special districts has revealed failures by many districts in meeting their minimum auditing governance, which the State Controller must prescribe pursuant to the aforementioned CGC §26909.

2. LAFCO is a regulatory agency with county-wide jurisdiction and provides limited oversight to special districts within the County. The Tulare County LAFCO (one of 58 located throughout California) was formed by State Law in 1963 to help State government manage the tremendous growth the state was experiencing at the time. Since 2003 all county LAFCOs have been required by State Law to prepare an information report called a ***Municipal Service Review*** (MSR) for each city and special district within their County. The MSR measures services, projects growth, financial capabilities, use of shared facilities and community service needs, and are completed by district on a five-year cycle determined by the district function.

3. The Little Hoover Commission is a bipartisan, independent investigative state body established by the State of California whose members are appointed by the Governor and the Legislature. The Commission's goal is to promote effectiveness and efficiency in programs within the State. It is sometimes called the ***State's Grand Jury***. In its Report of May 2000, the Little Hoover Commission found that California's independent special districts often lacked the kind of oversight and citizen involvement necessary to promote their efficient operation and evolution. Its authors stated, "...without robust mechanisms of public accountability, inefficiency can become routine and the occasional scandal inevitable."

4. Tulare County instituted an education program for special district board members covering a variety of important topics such as the Brown Act and conflict of interest. The information is also posted on line at: ***http://tularecounty.ca.gov/board/index.cfm/governance/.***

5. Special District audits, as prescribe by the State Controller and pursuant to CGC §26909, is intended to adhere to minimum requirements, including proper study and evaluation of the district's existing internal control and financial organizational structure.

FINDINGS:

F1. LAFCO intent was to create county (or area) agencies that could bring order and planning into overlapping jurisdictional and service boundaries that were becoming common circa 1963.

F2. During its research of independent special districts, the Grand Jury learned that reviews and investigations of special districts are not uncommon.

F3. Many special districts are not complying with State mandated annual audits conducted by the County Auditor or a Certified Public Accountant.

RECOMMENDATIONS:

R1. Tulare County Special Districts are required to comply with minimum auditing requirements as set forth by the State Controller. Records of such audits are to be filed with the County Auditor as further required by CGC §26909.

R2. Tulare County Special Districts should undertake an audit conducted by the County Auditor or a Certified Public Accountant/public accountant:

a. Have sufficient knowledge and training to enable compliance with both generally accepted auditing standards and generally accepted government auditing standards.

b. Have a thorough knowledge of the fundamental principles of governmental accounting, including both fund accounting and enterprise accounting.

c. Comply with Government Auditing Standards as promulgated by the United States General Accounting Office when applicable (e.g., Single Audit Act, required by agreement or contract, etc.).

REQUIRED RESPONSES:

1. Local Agency Formation Commission

2. County of Tulare Auditor-Controller

3. The following Districts which have not filed their audit report with the County by the required due date:

DISTRICT ONE

Eshom Valley Public Cemetery District

Kaweah Delta Water Conservation District

Lemon Cove Sanitary District

Lewis Creek Water District

Lindsay Local Hospital District

Lindsay-Strathmore Memorial District

Poplar Community Services District

Sequoia Memorial District

Three Rivers Memorial District

Three Rivers Public Cemetery District

DISTRICT TWO

Allenworth Community Services District

Alpaugh Community Services District

Atwell Island Water District

Deer Creek Storm Water District

Friant Power Authority

Teviston Community Services District

Tipton Community Services District

Tipton-Pixley Public Cemetery District

Tulare Irrigation District

Tulare Local Healthcare District

DISTRICT THREE

Delta Vector Control District

Kaweah River Power Authority District

Visalia Memorial District

DISTRICT FOUR

Dinuba Veteran's Memorial District

Ivanhoe Public Utility District

Kingsburg Hospital District

Orosi Public Utility District

St. John's Water District

Woodlake Veterans Memorial District

DISTRICT FIVE

Porterville Memorial District

Springville Veteran's Memorial District

Terra Bella Memorial District

Vandalia Water District

Disclaimer

Grand Jury reports are based on documentary evidence and the testimony of sworn or admonished witnesses, not on conjecture or opinion. However, the Grand Jury is precluded by law from disclosing such evidence except upon specific approval of the Presiding Judge of the Superior Court, or another judge appointed by the Presiding Judge (Penal Code Section 911, 924.1 (a) and 929). Similarly, the Grand Jury is precluded by law from disclosing the identity of witnesses except upon an order of the court for narrowly defined purposes (Penal Code Section 924.2 and 929).

Pine Pedroncelli & Aguilar Inc.
Certified Public Accountants

June 4, 2015

William D. Pine, CPA
Karen C. Pedroncelli, CPA
Gamaliel 'Gil' Aguilar, CPA
Lynette A. Garcia, CPA
Joanna G. Moffett, CPA
Mihai I. Petrascu, CPA
Aprille E. Wait, CPA
Consultant
Vern R. Onstine, CPA
Richard J. Artis II, CPA

Tulare County Grand Jury
5963 S. Mooney Blvd
Visalia, CA 93277

RE: Allensworth Community Services District
Year Ended: June 30, 2014

We are in receipt of the Tulare Grand Jury's request regarding the 6/30/14 audit report for Allensworth Community Services District (District). The audit report for fiscal year ended June 30, 2014 has not been prepared.

If you have any questions, please contact us at 559-625-9800.

Sincerely,

Pine, Pedroncelli & Aguilar, Inc.

Gamaliel "Gil" Aguilar, CPA

RECEIVED
6-10-2015

3500 West Orchard Court
Visalia, CA 93277
Tel: 559-625-9800
Fax: 559-625-9812

311 North 2nd Street
Porterville, CA 93257
Tel: 559-784-9090
Fax: 559-781-9154

P.O. Box 5100
Visalia, CA 93278

pinecpas@pinecpas.com
www.pinecpas.com

Email: allensworthcsd@sbcglobal.net
Office: (661)849-3894
Fax: (661)849-2181

ALLENSWORTH COMMUNITY SERVICES DISTRICT

July 24, 2015

THE HONORABLE JUDGE BRET HILLMAN
County Civic Center, Room 303
221 S Mooney Blvd.
Visalia, CA 93291

TULARE COUNTY BOARD OF SUPERVISORS
2800 W Burrel Avenue.
Visalia CA 93291

TULARE COUNTY GRAND JURY
5963 S Mooney Blvd.
Visalia, CA 93291

RE: Response to 2014-2015 Tulare County Grand Jury Final Report

Dear Sirs:

The Allensworth Community Services District agrees with the findings and the recommendation.

The district has already implemented the Grand Jury's recommendation. The district has hired a Certified Public Accountant and is currently working on the 2013-2014 audit report and will soon be working on the 2014-2015 audit report as well. As of the date of this letter copies of audit reports for prior years have been submitted to the county for their records.

If you have any questions, please feel contact our office at (661)849-3894 or Sherry Hunter- ACSD Board President at (909)268-9305.

Sincerely,

Susanna Rodriguez
ACSD General Manager

RECEIVED
8-6-205

Email: allensworthcsd@sbcglobal.net
Office: (661)849-3894
Fax: (661)849-2181

ALLENSWORTH COMMUNITY SERVICES DISTRICT

August 6, 2015

To: The Honorable Judge Bret Hillman
Tulare County Grand Jury
Tulare County Board of Supervisors

From: ALLENSWORTH COMMUNITY SERVICES DISTRICT

Subject: Tulare County Grand Jury Report: "Special Districts – Audit Failures"

On May 12, 2015, the Tulare County Grand Jury provided a report to ALLENSWORTH COMMUNITY SERVICES DISTRICT titled "Special Districts – Audit Failures". The Grand Jury pursuant to California Penal Code Section 933(c) required a response from ALLENSWORTH COMMUNITY SERVICES DISTRICT by August 14, 2015. ALLENSWORTH COMMUNITY SERVICES DISTRICT reviewed the Grand Jury report and the following is ALLENSWORTH COMMUNITY SERVICES DISTRICT's responses:

F1. LAFCO intent was to create county (or area) agencies that could bring order and planning into overlapping jurisdictional and service boundaries that were becoming common circa 1963.

Tulare County LAFCo partially agrees with this finding. The finding could be better phrased as "State intent was to create LAFCos that could bring order and planning into overlapping jurisdictional and service boundaries that were becoming common circa 1963". In addition, this is one aspect of the State's intent in creating LAFCOs. The complete legislative findings, declarations and State interests regarding LAFCOs are contained in Government Code (GC) Section 56001.

F2. During its research of independent special districts, the Grand Jury learned that reviews and investigations of special districts are not uncommon.

ALLENSWORTH COMMUNITY SERVICES DISTRICT agrees with this finding in that many special districts are subject to Municipal Service Reviews by LAFCo and several special districts have been a subject of Grand Jury reports in the past.

RECEIVED 8-12-2015

F3. Many special districts are not complying with State mandated annual audits conducted by the County Auditor or a Certified Public Accountant.

ALLENSWORTH COMMUNITY SERVICES DISTRICT agrees with this finding based on the County Auditor's report (dated 3/5/15) to the Board of Supervisors regarding unfiled special district audits. A copy of ALLENSWORTH COMMUNITY SERVICES DISTRICT's audit reports listed have been mailed on January 19, 2015 and a digital copy was provided on June 5, 2015.

If there are any questions regarding this response, please contact Susanna Rodriguez at (661)849-3894.

Sincerely,

Susanna Rodriguez
ACSD General Manager

ALPAUGH COMMUNITY SERVICES DISTRICT

5446 Tule Road.
P.O. Box 262
Alpaugh, Ca 93201-0262
Phone (559) 949-8199
acsd@alpaughcsd.org

July 27, 2015

Tulare County Grand Jury
5963 S Mooney Blvd
Visalia, CA 93277

Re: Response to the 2014/2015 Tulare County Grand Jury Report entitled "Special Districts – Audit Failures"

Dear Tulare County Grand Jury,

We agree with this finding. Upon investigating, we found to our surprise and dismay that the latest audit report had not been transmitted to the County in a timely manner. We still do not know how that failure occurred. There was apparently a miscommunication between ourselves and our auditors, for which we must take responsibility. We had been under the impression that all audit reports were automatically transmitted to the required recipients. That proved not to be the case. The missing audit report was transmitted to the County immediately, on the same day on which we received notification from the Grand Jury. Henceforth all audit reports will be forwarded automatically as soon as they are completed.

We also discovered some confusion in the County's audit records. Until December 2012, our Agency had done business as the Alpaugh Joint Powers Authority, exercising the joint powers of the Alpaugh Irrigation District and the Tulare County Waterworks District #1. At the General Election in November 2012, the Alpaugh Community Services District was created to replace the JPA. As soon as that election result was certified (on December 4, 2012), the Joint Powers Authority and the Tulare County Waterworks District #1 were dissolved, and all their assets and liabilities transferred to the newly formed Alpaugh Community Services District, which continues to operate the Alpaugh domestic water system under the same tax ID number, at the same premises and with the same personnel and physical plant as the former Joint Powers Authority.

Accordingly, a special audit was conducted for the Alpaugh Joint Powers Authority for the first half of the 2012-2013 fiscal year, and another for the Alpaugh Community Services District for the remaining half of that fiscal year. There were and will be no audits for the Alpaugh Joint Powers Authority after the end of calendar 2012, because that agency ceased to exist as of December 4, 2012. Likewise, there were and will be no audits for the Alpaugh Community Services District prior to the second half of fiscal 2012-2013, because the ACSD did not exist prior to that time. We found that the County had listed "missing" audits for the AJPA for the years after that agency had been dissolved, and "missing" audits for the ACSD for several years prior to the formation of that agency. We have written to the County explaining this situation.

We hope therefore that the matter of the "missing audits" is now cleared up. To the best of my knowledge all required audit reports have now been filed with the required recipients. If that should not be the case, we of course request that we be notified immediately so the records can be corrected.

Roger Strickland
Board Chairman
Alpaugh Community Services District

ATWELL ISLAND WATER DISTRICT

P.O. BOX 220
Alpaugh, California 93201

559 949-8410

October 2, 2015

The Honorable Bret Hillman
County Civic Center, Room 303
221 S. Mooney Boulevard
Visalia, CA 93291

Tulare County Grand Jury
c/o Mr. Chuck White, Foreman
5963 S. Mooney Boulevard
Visalia, CA 93277

Tulare County Board of Supervisors
2800 W. Burrel Avenue
Visalia, CA 93291

RE: Special Districts – Audit Failures

Dear Judge Hillman, Mr. White and Supervisors:

I serve as the current Board President and General Manager of The Atwell Island Water District.

FINDINGS:

Atwell Island Water District agrees with the findings numbered F1 and F2.

RECOMMENDATIONS:

Atwell Island Water District has a contract with Pine, Pedroncelli & Aguilar, Inc., certified public accountants to oversee our monthly accounting and bookkeeping services. We will be able to comply with all auditing requirements.

Atwell Island Water District agrees with R2 A, B AND C.

Jack Mitchell Board President/General Manager
Atwell Island Water District

RECEIVED
10-5-2015

ATWELL ISLAND WATER DISTRICT

P.O. BOX 220
Alpaugh, California 93201

559 949-8410

October 2, 2015

The Honorable Bret Hillman
County Civic Center, Room 303
221 S. Mooney Boulevard
Visalia, CA 93291

Tulare County Grand Jury
c/o Mr. Chuck White, Foreman
5963 S. Mooney Boulevard
Visalia, CA 93277

Tulare County Board of Supervisors
2800 W. Burrel Avenue
Visalia, CA 93291

RE: Special Districts – Audit Failures

Dear Judge Hillman, Mr. White and Supervisors:

I serve as the current Board President and General Manager of The Atwell Island Water District.

FINDINGS:

Atwell Island Water District agrees with the findings numbered F1 and F2.

RECOMMENDATIONS:

Atwell Island Water District has a contract with Pine, Pedroncelli & Aguilar, Inc., certified public accountants to oversee our monthly accounting and bookkeeping services. We will be able to comply with all auditing requirements.

Atwell Island Water District agrees with R2 A, B AND C.

Jack Mitchell Board President/General Manager
Atwell Island Water District

M & M FARMS
P.O. BOX 147 ALPAUGH, CALIFORNIA 93201
(209) 949-8410 FAX (209) 949-8631

AUDITOR-CONTROLLER/
TREASURER-TAX COLLECTOR

21 South Mooney Blvd., Room 101-E Visalia, CA 93291-4593

Rita A. Woodard
COUNTY OF TULARE

DEBORAH PAOLINELLI, CPA
Assistant Auditor-Controller
(559) 636-5200
FAX (559) 730-2547

RITA A. WOODARD
Auditor-Controller
Treasurer-Tax Collector/
Registrar of Voters
(559) 636-5200
FAX (559) 730-2547

HILEY WALLIS
Chief Deputy Treasurer-Tax Collector
(559) 636-5250
FAX (559) 730-2532

June 5, 2015

The Honorable Judge Hillman
County Civic Center, Room 303
221 S. Mooney Blvd.
Visalia, CA 93291

Tulare County Grand Jury
5963 S. Mooney Blvd.
Visalia, CA 93277

Tulare County Board of Supervisors
2800 W. Burrel Avenue
Visalia, CA 93291

"Subject: Response to 2014/2015 Grand Jury Final Report, titled, "Special Districts – Audit Failures".

Honorable Judge Hillman:

We are responding to the findings issued in your report dated May 5, 2015.

Finding F1:
LAFCO intent was to create county (or area) agencies that could bring order and planning into overlapping jurisdictional and service boundaries that were becoming common circa 1963.

Response:
It is not in the purview of the Auditor-Controller/Treasurer-Tax Collector/Registrar of Voters to determine LAFCO intent.

Finding F2:
During its research of independent special districts, the Grand Jury learned that reviews and investigations of special districts are not uncommon.

Response:
It is not in the purview of the Auditor-Controller/Treasurer-Tax Collector/Registrar of Voters to speculate on what the Grand Jury learned.

Finding F3:
Many special districts are not complying with State mandated annual audits conducted by the County Auditor or a Certified Public Accountant.

Response:
Agree.

Recommendations R1:
Tulare County Special Districts are required to comply with minimum auditing requirements as set forth by the State Controller. Records of such audits are to be filed with the County Auditor as further required by CGC 26909.

Response:
Agree.

Recommendations R2:
Tulare County Special Districts should undertake an audit conducted by the County Auditor or a Certified Public Accountant/public accountant:

a. Have sufficient knowledge and training to enable compliance with both generally accepted auditing standards and generally accepted government auditing standards.

b. Have a thorough knowledge of the fundamental principles of governmental accounting, including both fund accounting and enterprise accounting.

c. Comply with Government Auditing Standards as promulgated by the United States General Accounting Office when applicable (e.g., Single Audit Act, required by agreement or contract, etc.)

Response:
Agree that audits should be conducted. Under the new Government Accounting and Auditing Committee (GAAC), Generally Accepted Auditing Standards (GAAS) and Generally Accepted Government Auditing Standards (GAGAS) rules, the Auditor-Controller should not conduct audits of special districts that have (or should have) monies in the County Treasury and/or have payments made for them by the County Auditor. In addition, if the County Auditor were to audit the entity safeguards would have to be put in place to help reduce the threats of lack of independence to an acceptable level. Safeguard example would be involving another audit organization to perform or re-perform part of the audit; therefore making the audit much more expensive for the district. The Tulare County Independent Special Districts should contract and pay for their audits with an independent Certified Public Accountant/public accountant.

Sincerely,

Rita A. Woodard
Auditor-Controller/Treasurer-Tax Collector/Registrar of Voters

RAW:ns

DEER CREEK STORM WATER DISTRICT

944 Whitley Avenue, Suite D
Corcoran, CA 93212

559-762-7274

July 30, 2015

The Honorable Bret Hillman
County Civic Center, Room 303
221 S. Mooney Blvd.
Visalia, CA 93291

Tulare County Grand Jury
c/o Mr. Chuck White, Foreman
5963 S. Mooney Blvd.
Visalia, CA 93277

Tulare County Board of Supervisors
2800 W. Burrel Ave.
Visalia, CA 93291

Re: Special Districts – Audit Failures

Dear Judge Hillman, Mr. White and Supervisors:

I serve as the current General Manager for Deer Creek Storm Water District (the "District"). The District is a special district formed pursuant to the Storm Water District Act of 1909, codified at Water Code Appendix sections 13-1 *et seq.*

I became the General Manager in May, 2014. Upon becoming the General Manager, I became aware that the District had certain operational challenges. With the help of Tulare County staff and Ms. Tracy Molina, I was able to communicate with the last known contact for the District. At the time, I was informed that one board member had passed away, one was diagnosed with terminal cancer, and I am not aware of the other member. However, the remaining two members apparently held a meeting in February 2014, and appointed Tracy Molina to fill the vacancy of the trustee that passed away. At the same time, those two trustees resigned, subject to appointment of new trustees by the Tulare County Board of Supervisors. In the interim, I was given only two boxes of District records. I do not know if there are any other District records.

On April 22, 2014, the Tulare County Board of Supervisors formally appointed Tracy Molina and Kayode Kadara as Trustees of the Deer Creek Storm Water District. Those two trustees then filled the remaining vacancy by appointing Steve Martin. Unfortunately, Ms. Molina passed away shortly thereafter, leaving a vacancy on the Board. On November 7, 2014, the Tulare County Board of Supervisors appointed LeAnne Jackson as a Trustee of the District.

My understanding is that the District has been inactive and dormant for at least four to five years prior to being reactivated and reconstituted in the spring of 2014. Property assessments collected by the counties overlying the District were still being held by those counties because there was no contact information for the District.

However, now the District is currently active and otherwise compliant with State and local laws. The Board of Trustees has adopted new bylaws and holds meetings every quarter. We have collected the revenue that was being held by Tulare and Kings Counties, in order to use it for the purposes of the District.

Violations of State Law

Government Code section 26909 requires that special districts have annual audits conducted by the County Auditor or a certified public accountant or public accountant.

As the District was inactive, it does not appear from the records in my possession that there has been an independent audit for the District completed in at least four or five years. We have some financial information, but I do not believe it is enough to satisfy an audit. Otherwise, I have no knowledge as to whether or not an audit was conducted.

However, the State Controller reports for the District are current and the District has a contract with M. Green to perform the District's 2014/15 audit. The District's fiscal year is from July 1- June 30.

The District hopes the Grand Jury will find this response helpful. As you can see, we are working very hard to make the District compliant with Section 26909. The District is always willing to work with Grand Jury to implement additional reasonable steps to resolve this situation. Please contact me with any questions.

Very truly yours,

Matthew H. Hurley
General Manager
Deer Creek Storm Water District

DEER CREEK STORM WATER DISTRICT

944 Whitley Avenue, Suite D
Corcoran, CA 93212

559-762-7274

September 9, 2015

The Honorable Bret Hillman
County Civic Center, Room 303
221 S. Mooney Blvd.
Visalia, CA 93291

Tulare County Grand Jury
c/o Mr. Chuck White, Foreman
5963 S. Mooney Blvd.
Visalia, CA 93277

Tulare County Board of Supervisors
2800 W. Burrel Ave.
Visalia, CA 93291

Re: Special Districts – Audit Failures

Dear Judge Hillman, Mr. White and Supervisors:

I serve as the current General Manager for Deer Creek Storm Water District (the "District"). The District is a special district formed pursuant to the Storm Water District Act of 1909, codified at Water Code Appendix sections 13-1 *et seq.*

FINDINGS

- The District agrees with the findings, numbered: F1 and F2.
- The District agrees with the finding numbered F3 on principle, but not in fact because the District has no evidence to support such a finding.

RECOMMENDATIONS

- Recommendations numbered R1 and R2 for the District's 2014/2015 fiscal year have not yet been implemented, but will be implemented by December 30, 2015. The District has a contract with M. Green to perform the District's 2014/15 audit. The District's fiscal year is from July 1- June 30.
- Recommendations numbered R1 and R2 for the District's 2010/2011, 2011/2012, 2012/2013 and 2013/2014 fiscal years require further analysis.

As the District was inactive, it does not appear from the records in my possession that there has been an independent audit for the District completed in at least four or five years. We have some financial information, but I do not believe it is enough to satisfy an audit. I have requested additional information from a past board trustee of the District. Otherwise, I have no knowledge as to whether or not an audit was conducted. If we receive no additional information by December 30, 2015, these recommendations will not be implemented because we do not have the necessary information.

Date: September 9, 2015

Signed: _____

Matthew H. Hurley
General Manager
Deer Creek Storm Water District

DELTA VECTOR CONTROL DISTRICT

Post Office Box 310 * Visalia, California 93279-0310
1737 West Houston Avenue * Visalia, California 93291
Phone (559) 732-8606 * (877) 732-8606 * Fax (559)-732-7441
www.deltavcd.com

Michael W. Alburn
Manager

Paul D. Jobe
Superintendent

Mark D. Dynge
Systems Administrator

Yolanda M. Lourenco
Assistant Manager

Sheri D. Davis
Administrative Assistant

June 12, 2015

Chuck White, Forman
Tulare County Grand Jury
5963 S. Mooney Boulevard
Visalia, CA 93277

RE: Special District Audit Failures – Delta Vector Control District Response

Dear Mr. White:

The Delta Vector Control District disagrees wholly with the finding that financials for the years ending 6/30/10, 6/30/13 and 6/3014 were not provided to the County of Tulare Auditor Controller.

In each of these instances the District Audit performed by Michael Oxenreider, CPA was provided to the front desk staff at the Auditor Controller office by the hand of Sheri Davis, Administrative Assistant, Delta Vector Control District, in the timely manner required (CGC §26909 (a)(2)).

The District has resubmitted the financials to Rita Woodard, Auditor Controller by Certified Mail through the U.S. Postal Service on June 11, 2015. Going forward the District will submit the financial report each year in the same manner ensuring a receipt of such submission when requested by outside authority.

The Delta Vector Control District takes seriously its responsibility for ensuring proper accountability and annually contracts an audit of its accounts. The current year ending June 30, 2015 audit will be performed by the firm of Price Paige & Company, selected after an RFP found them to be the most qualified for our needs.

If I can be of any further assistance please do contact me.

Sincerely,

Evan D. Long
Delta Vector Control District
President

RECEIVED
06/17/2015

Michael W. Alburn
Manager
Paul D. Jobe
Superintendent
Mark D. Dynge
Systems Administrator

DELTA VECTOR CONTROL DISTRICT
Post Office Box 310 * Visalia, California 93279-0310
1737 West Houston Avenue * Visalia, California 93291
Phone (559) 732-8606 * (877) 732-8606 * Fax (559)-732-7441
www.deltavcd.com

Yolanda M. Lourenco
Assistant Manager
Sheri D. Davis
Administrative Assistant

August 3, 2015

Chuck White, Foreman
Tulare County Grand Jury
5963 S. Mooney Boulevard
Visalia, CA 93277

RE: Special District Audit Failures – Delta Vector Control District Response

Dear Mr. White:

FINDINGS

- We agree with the findings numbered F1 through F3.

RECOMMENDATIONS

- Recommendations numbered R1 and R2 have been implemented.

The Delta Vector Control District has resubmitted the financials to Rita Woodard, Tulare County Auditor Controller by Certified Mail through the U.S.P.S. on June 11, 2015.

The District takes seriously its responsibility to ensure proper accountability and annually contracts an audit of its accounts. The report generated has been hand carried to the Tulare County Auditor reception desk each year in the past, including those for the years ending 6/30/10, 6/30/13 & 6/30/14. Going forward the District will use Certified Mail to transmit the documents so we have a validation to reference.

If I can be of further assistance please do call.

Sincerely,

Evan D. Long
Delta Vector Control District
President

Dinuba VETERANS MEMORIAL BUILDING

249 S ALTA AVE. P.O. BOX 545
Dinuba, California 93618

December 6, 2015

Tulare County Grand Jury
5963 S Mooney Blvd
Visalia, CA 93277

Dear Tulare County Grand Jury:

This is in response to the Special District Audit Failure.

Finding 1
Special District Audit Failure.

Response:

1. The Board Agrees with the finding.

Recommendation 1

Recommendation numbered 1 has not yet been implemented, but will be implemented within 60 days. See attachment

Signed: _____ Date: 12-6-15
Building Manager

Signed: _____ Date: 12-6-15
Board President

RECEIVED
12-7-2015

Attachment for Recommendation 1

Due to a cut in County funding, combined with our slow time of year, and further challenges, such as staff turnover, building break downs, large utility bills. At the time the audit was due, our available funds were at their lowest, coupled with the US Postal Service not giving us all of our mail for nearly a year (when we finally did get our mail it was over 800 pieces dating back at least 9 months). The Grad Jury Report and Subsequent notices of non-compliance were in the aforementioned mail. When we finally received our mail 2 of the Certified Letter Notification from you were in that mail, which explains why we didn't respond. Our main focus is to honor signed legal contracts and employee payroll (with the exception of the Manager's Salary of which I took less than half of for nearly a year) and utilities. So that we did not default on a single contract (ie. Building rental contracts). Since even one failed contract could result in several lawsuits against our district (ie. Caterer, decorator, invitations etc..) all available funds were used for this purpose. Which explains why we didn't complete the audit.

We do realize, understand, and agree that audits for any public funds is critical. We realize that the battle over county funding can go on for quite some time without knowing the outcome, it was voted by the Board to accept a 1 time lump sum offer from the Global Cell Tower Partnership for a lifetime lease payment for the cell tower on our property.

We are doing our best to catch up on everything that was let go because of the lack of funds including the audit. We simply ask for 60 more days to complete the audit and satisfy audit requirements. We are presently in the process of doing so. We will gladly turn over any records that you ask for, however with the understanding that it will delay the audit further.

USDA-FOREST SERVICE

COMPUTATION SHEET

SHEET ..... OF .....

MADE BY .....

CHECKED BY .....
(Initial and date)

Subject:

Report 1

933.05 Response to Grand Jury Recommendations

(2) The respondent disagrees wholly or partially with the findings as they relate to Eshom Valley Public Cemetery District. In fact, the District should not have been placed on the list in Report 2.

(b)

(1) The recommendation has been implemented with a summary regarding the implemented action.

Eshom Valley Public Cemetery District had annual audits performed by a CPA prior to 2011. In 2011 the District requested that we be allowed to move to a biennial audit. Our request was granted on 4/5/11 by the BOS with resolution 2011-0193

Report 1

933.05 Response to Grand Jury Recommendations

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(1) The recommendation has been implemented with a summary regarding the implemented action.

Eshom Valley Public Cemetery District had annual audits performed by a CPA prior to 2011. In 2011 the District requested that we be allowed to move to a biennial audit. Our request was granted on 4/5/11 by the BOS with resolution 2011-0193

AUDITOR–CONTROLLER/
TREASURER–TAX COLLECTOR

221 South Mooney Blvd., Room 101-E Visalia, CA 93291-4593

COUNTY OF TULARE

RITA A. WOODARD
Auditor-Controller/
Treasurer-Tax Collector/
Registrar of Voters
(559) 636-5200
FAX (559) 730-2547

DEBORAH PAOLINELLI, CPA
Assistant Auditor-Controller
(559) 636-5200
FAX (559) 730-2547

HILEY WALLIS
Chief Deputy Treasurer-Tax Collector
(559) 636-5250
FAX (559) 730-2532

April 27, 2011

Eshom Valley Cemetery
Attn: Larry W. Jordan
P.O. Box 200
Badger, CA 93603

RE: Biennial Audit

Dear Mr. Larry W. Jordan:

We have sent an agenda item to our Board of Supervisors (BOS) on April 5, 2011, for the request of a biennial audit for Eshom Valley Cemetery District. Our BOS has approved the request with resolution 2011-0193.

I am sending you a copy of the resolution for your file. If you have any questions please contact Angela Culbertson at (559) 636-5223.

Thank you

Angela Culbertson
Tulare County Auditor Controller
Department Secretary

RECEIVED 12/16/15

BEFORE THE BOARD OF SUPERVISORS
COUNTY OF TULARE, STATE OF CALIFORNIA

IN THE MATTER OF Eshom Valley Cemetery District's request for a biennial audit) **RESOLUTION NO. 2011-0193**

UPON MOTION OF SUPERVISOR WORTHLEY, SECONDED BY SUPERVISOR COX, THE FOLLOWING WAS ADOPTED BY THE BOARD OF SUPERVISORS, AT AN OFFICIAL MEETING HELD APRIL 5, 2011, BY THE FOLLOWING VOTE:

AYES: SUPERVISORS ISHIDA, VANDER POEL, COX, WORTHLEY AND ENNIS
NOES: NONE
ABSTAIN: NONE
ABSENT: NONE

BOARD OF SUPERVISORS * TULARE COUNTY, CAL. *

ATTEST: JEAN M. ROUSSEAU
COUNTY ADMINISTRATIVE OFFICER/
CLERK, BOARD OF SUPERVISORS

BY: _____
Deputy Clerk

Adopted Resolution granting Eshom Valley Cemetery District request to replace the annual audit with the biennial audit (Unanimous vote required).

Auditor

DAY
4/5/11

RECEIVED 12/16/15

IVANHOE PUBLIC UTILITY DISTRICT

P.O. Box A
Ivanhoe, CA 93235
559-798-0512

June 2, 2015

Honorable Judge Bret Hillman
County Civic Center, Room 303
221 South Mooney Blvd.
Visalia, CA 93291

Tulare County Grand Jury
5963 South Mooney Blvd.
Visalia, CA 93277

Tulare County Board of Supervisors
2800 W. Burrel Avenue
Visalia, CA 93291

Re: Ivanhoe Public Utility District

The Ivanhoe Public Utility District is in receipt of the Grand Jury Report recommendations as follows:

R1. Tulare County Special Districts are required to comply with minimum accounting requirements as set forth by the county controller. Records of such audits are to be filed with the county auditor. The district answers as follows: The Ivanhoe Public Utility District does an audit annually. For the year ending June 30, 2014, the audit was performed by Sanborn and Sanborn Accountancy Corporation, who are certified public accountants. The audit is in compliance with the rules and regulations set forth by the state controller. In checking with Max Sanborn he advises that he electronically forwarded the report to the county auditor's office, however he does not have confirmation that the auditor's office received the report. This has been corrected as both Mr. Sanborn and the District have sent the audit report for 2014 to the Tulare County Auditor's Office.

R2. Tulare County Special Districts should undertake an audit conducted by county auditor or a certified public accountant. The district answers as follows: Each

year the Ivanhoe Public Utility District does an annual audit and uses a certified public accountant. The District will in the future advise the accountant to file the audit report with the county auditor and as a backup the District will also file the report.

Thank you for your courtesy,

Very truly yours,

GILBERT CANO, President
Board of Directors
Ivanhoe Public Utility District

IVANHOE PUBLIC UTILITY DISTRICT

Post Office Box "A"
Ivanhoe, California 93235
Telephone (559) 798-0512

August 6, 2015

Tulare County Grand Jury
5963 South Mooney Boulevard
Visalia, CA 93277
Attention: Mr. Chuck White

Re: Special District Audit Failures

Dear Mr. White:

In response to your letter of July 30, 2015, the Ivanhoe Public Utility District responds to the findings outlined in the 2014-2015 letter from the Grand Jury concerning audit failures as follows:

F1. LAFCO intent was to create county (or area) agencies that could bring order and planning into overlapping jurisdictional and service boundaries that were becoming common circa 1963.

This responding Agency has no information that would allow this responding Agency to agree or disagree with this finding.

F2. During its research of independent special districts, the Grand Jury learned that reviews and investigation of special districts are not uncommon.

This responding Agency has no information that would allow this responding Agency to agree or disagree with this finding.

F3. Many special districts are not complying with State mandated annual audits conducted by the County Auditor or a Certified Public Accountant.

This responding Agency has no information that would allow this responding Agency to agree or disagree with this finding.

Very truly yours,

Gilbert Cano

GILBERT CANO, President
Board of Directors
IVANHOE PUBLIC UTILITY DISTRICT

RECEIVED
8-12-2015

RESPONSE
OF
KAWEAH RIVER POWER AUTHORITY
TO
2014/2015 TULARE COUNTY GRAND JURY FINAL REPORT

Special Districts – Audit Failures

FINDINGS

- **We agree with the findings, numbered F1.**
- **We agree with the findings, numbered F2.**
- **We disagree partially with the findings, numbered F3**
    - We actually neither agree nor disagree with his finding, since many special districts may be like KRPA, which had timely annual audits conducted by a Certified Public Accountant, as mandated by the State, but inadvertently failed to convey its audits for the last three years to the County Auditor. These have since been submitted and this process failure has been corrected.

RECOMMENDATIONS

- **Recommendations numbered R1 have been implemented.**
- **Recommendations numbered R2 have been implemented.**

Date: 11-3-15

Signed: _____

Kaweah River Power Authority

November 3, 2015

The Honorable Bret Hillman
Judge, Tulare County Superior Court
County Civic Center, Room 303
221 South Mooney Blvd.
Visalia, CA 93291

Tulare County Grand Jury
5963 South Mooney Blvd.
Visalia, CA. 93277
Attn: Chuck White, Foreman

Re: 2014/2015 Tulare County Grand Jury Final Report, Subpoena dtd October 26, 2015

Dear Judge Hillman and Foreman White:

This letter constitutes our response to your subpoena dated October 26, 2015, and ultimately to your request for Response to the Tulare County Grand Jury Final Report Audit Failures dated June 15, 2015.

Our response to the final report is enclosed in accordance with the Sample Response & Instructions included with the report.

Respectfully Submitted,

Kaweah River Power Authority

By _____
Chris Tantau, President

Enclosure

2975 N. Farmersville Blvd., Farmersville, CA 93223 • (559) 747-5604 • Fax (559) 747-1989

KAWEAH DELTA
Water Conservation
DISTRICT

June 12, 2015

The Honorable Bret Hillman
Judge, Tulare County Superior Court
County Civic Center, Room 303
221 S. Mooney Blvd.
Visalia, CA 93291

Tulare County Grand Jury
5963 S. Mooney Blvd.
Visalia, CA 93277
Attn: Chuck White, Foreman

Re: 2014/2015 Tulare County Grand Jury Final Report

Dear Judge Hillman and Foreman White:

This letter is intended to constitute the response of the Kaweah Delta Water Conservation District ("KDWCD") to a notice received from the Tulare County Grand Jury, a copy of which notice accompanies this letter.

First, KDWCD agrees with the finding in the Grand Jury Report that KDWCD failed to file certain of its audit reports with Tulare County. Specifically, it failed to file its last three audit reports with the Tulare County Auditor. The reports were for the 12 month periods ending June 30, for the years 2012, 2013 and 2014.

Second, KDWCD has implemented the recommendation set forth in the notice and has now filed the three missing audit reports with Tulare County.

For your information, the three missing audit reports had been timely completed by an independent Certified Public Accountant shortly after the end of each fiscal year. They had also been reviewed and accepted by the KDWCD Board of Directors. Unfortunately, after each approval by the KDWCD Board of Directors the three missing audit reports were inadvertently not filed with the Tulare County Auditor. The failure to file the audit reports in question was the result of a miscommunication between KDWCD and the Certified Public Accountant who performed the audits. KDWCD has made adjustments so that its future audit reports are timely filed with the Tulare County Auditor.

RECEIVED
10-13-2015

2975 N. Farmersville Blvd., Farmersville, CA 93223 P 559-747-5601 F 559-747-1989 www.kdwcd.com

I believe that this letter constitutes a satisfactory response to the enclosed notice. If it does not, I trust that you will contact KDWCD.

Respectfully Submitted,

Kaweah Delta Water Conservation District

By Don Mills
Don Mills, President

Enclosure

KAWEAH DELTA Water Conservation DISTRICT

FAX TRANSMITTAL SHEET

DATE: 10-13-15

TO: Tulare County Grand Jury ATTN: RESPONSE

FROM: Heather Rojas

PAGES: 9

MESSAGES: Re-sending response originally dated 6-12-15

2975 N. Farmersville Boulevard, Farmersville, CA 93223 Phone 559-747-5601 Fax 559-747-1989

Michael L. Farley
Rhys C. Boyd-Farrell
Moses Diaz
Zachary J. Farley••
Joseph R. Beery
Jennie Barkinskaya

*Certified Specialist
Legal Malpractice Law
The State Bar of California
Board of Legal Specialization
Admitted in CA and TX
**Admitted in CA and NY

FARLEY LAW FIRM
108 WEST CENTER AVENUE
VISALIA, CALIFORNIA 93291
TELEPHONE 559-738-5975
FACSIMILE 559-732-2305

Kari Fike
Paralegal-Office Manager

Rosie M. Onizaki
Paralegal

Diane Farley
Paralegal

Honorable Bret D. Hillman, Assistant Presiding Judge
TULARE COUNTY SUPERIOR COURT
221 South Mooney Boulevard, Department 7
Visalia, California 93291

July 2, 2015
Via U.S. Mail and fax
559-733-6078

RE: 2015 *Grand Jury Report on Kingsburg Hospital District*

Dear Judge Hillman:

This office represents the Kingsburg Hospital District ("District") whose Board of Directors ("Board") asked that we respond on its behalf to the Tulare County Grand Jury's May 2015 report pursuant to Penal Code sections 933 and 933.05.

The Grand Jury made the following findings and recommendations and the District submits the following responses:

Finding 1: LAFCO intent was to create county (or area) agencies that could bring order and planning into overlapping jurisdictional and service boundaries that were becoming common circa 1963.

Recommendation 1: Tulare County Special Districts are required to comply with minimum auditing requirements as set forth by the State Controller. Records of such audits are to be filed with the County Auditor as further required by CGC § 26909.

Response 1: The District generally agrees with this finding. However, the District has no authority to require or otherwise ensure that other special districts comply with Government Code § 26909, though the District itself intends to continue to comply with all applicable auditing requirements. After receipt of the grand jury report, the District commenced a review of whether any of the District's annual audit reports of the past few fiscal years were not provided to the County Auditor. Such audit reports which were not provided, if any, either were subsequently provided or will be provided to the County Auditor within sixty (60) days from the date of this response. Accordingly, the recommendation was already or will be implemented as to the District.

Finding 2: During its research of independent special districts, the Grand Jury learned that reviews and investigations of special districts are not uncommon.

Recommendation 2: Tulare County Special Districts should undertake an audit conducted by the County Auditor or a Certified Public Accountant/public accountant:

a. Have sufficient knowledge and training to enable compliance with both generally accepted auditing standards and generally accepted government auditing standards.

b. Have a thorough knowledge of the fundamental principles of governmental accounting, including both fund accounting and enterprise accounting.

c. Comply with Government Auditing Standards as promulgated by the United States General Accounting Office when applicable (e.g., Single Audit Act, required by agreement or contract, etc.).

Response 2: The District generally agrees with this finding. However, the District has no authority to require or otherwise ensure that other public agencies undertake an audit conducted by the County Auditor or a Certified Public Accountant, though the District has had, and intends to continue to have, a Certified Public Accountant undertake such audits for the District in accordance with the requirements of (a), (b) and (c) above. Accordingly, the recommendation was already implemented as to the District and will continue to be implemented by the District.

Finding 3: Many special districts are not complying with State mandated annual audits conducted by the County Auditor or a Certified Public Accountant.

Recommendation 3: None.

Response 3: The District generally agrees that this finding could be correct but does not have specific independent information to corroborate it. No recommendation was made and hence no recommendation can be implemented as to this finding. However, the District has historically complied with state mandated annual audit requirements by having a Certified Public Accountant undertake such audits and then submit the resulting audit report to the California State Controller's Office (SCO) and the County Auditor.

If you have any questions or concerns, please advise us and we will respond as expeditiously as possible.

Respectfully,

Michael L. Farley
Moses Diaz

Enclosure(s): (none)
CC: (KHD)

Lemon Cove Sanitary District
Lemon Cove Water
P. O. Box 44374
Lemon Cove, CA 93244-0151

June 1, 2015

TO: The Honorable Judge Bret Hillman
Tulare County Grand Jury

FROM: Lemon Cove Sanitary District

SUBJECT: **Special Districts – Audit Failures Report**

On May 28, 2015, the Tulare County Grand Jury provided a report to the Lemon Cove Sanitary District, including it, in F3 of its Report, on a list of twenty special districts in Tulare County which allegedly had failed to file audit reports with the County of Tulare by the required due date.

For purposes of subdivision (b) of §933.05 of the Penal Code, the directors of the Lemon Cove Sanitary District do respond as follows:

> *The Lemon Cove Sanitary District has complied with California Government Code §26909, and therefore, disagrees with the finding that it has failed to conduct annual audits. The District officers have no proof that such filing was accomplished, and therefore know nothing of the timeliness of such, but have been assured that it was done. The District is in contact with the Auditor's Office monthly, and were never informed by them that the audit reports were not filed.*

Audit Reports are customarily sent directly from the C.P.A. performing them, according to *Government Auditing Standards* protocol, as are the State mandated *Local Government Financial Transactions and Compensation Reports*, which are sent directly to the State Controller's Office. In future years, an aspect of a "thorough review of reliable documents" should include an inquiry there, as those reports contain all pertinent data with respect to the officers of record and finances of special districts, and should be considered to be reliable.

If there are any questions regarding this response, please contact me at (559) 597-2504, or e-mail me at pensar3@netzero.com.

RECEIVED
6-2-2015

William Pensar, Secretary
Lemon Cove Sanitary District

email

Lemon Cove Sanitary District
Lemon Cove Water
P. O. Box 44374
Lemon Cove, CA 93244-0151

June 1, 2015

TO: The Honorable Judge Bret Hillman
Tulare County Grand Jury

FROM: Lemon Cove Sanitary District

SUBJECT: **Special Districts – Audit Failures Report**

On May 28, 2015, the Tulare County Grand Jury provided a report to the Lemon Cove Sanitary District, including it, in F3 of its Report, on a list of twenty special districts in Tulare County which allegedly had failed to file audit reports with the County of Tulare by the required due date.

For purposes of subdivision (b) of §933.05 of the Penal Code, the directors of the Lemon Cove Sanitary District do respond as follows:

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If there are any questions regarding this response, please contact me at (559) 597-2504, or e-mail me at pensar3@netzero.com.

William Pensar, Secretary
Lemon Cove Sanitary District

RECEIVED
6-8-2015

Original

Tulare County Grand Jury

5963 South Mooney Boulevard
Visalia, CA 93277

(559) 624-7295 • Fax (559) 733-6078

July 30, 2015

Lemon Cove Sanitary District
Lemon Cove Water
P. O. Box 44374
Lemon Cove, CA 93244-0151
Attn: William Pensar

RE: 2014-2015 Final Report **Special Districts – Audit Failures**

Dear Mr. Pensar,

Thank you for your response in regards to the above mentioned Grand Jury report. However, in your response you did not adequately address the following items:

FINDINGS:
Number(s): F1 through F3

RECOMMENDATIONS:
Numbers(s): R1 and R2

We would appreciate your additional response to include this item(s) by August 14, 2015 in the format that is attached hereto.

If you have any questions, please contact our office at 624-7295.

Thank you,

Chuck White

Chuck White, Foreman
2015-2016 Tulare County Grand Jury

RECEIVED 8/7/2015

SAMPLE RESPONSE & INSTRUCTIONS

If you receive a Grand Jury Report that has **Findings** and **Recommendations** and Responses Required by your Agency, you must follow the instructions on the letter in accordance with California Penal Code §933.05:

Depending on the type of respondent you are, a written response is required as follows:

a. If you are a **Public Agency**: The governing body of any public agency that is required to respond must do so within ninety (90) days from the date the report was approved by the Presiding Judge. .
b. If you are an **Elective Officer or Agency Head**: All elected officers or heads of agencies that are required to respond must do so within sixty (60) days from the date the report was approved by the Presiding Judge.

FINDINGS

- I (we) agree with the findings, numbered: F1, F2 .
- I (we) disagree wholly or partially with the findings, numbered: F3 .
  (Describe here or attach a statement specifying any portions of the findings that are disputed or not applicable; include an explanation of the reasons therefore.) We did it - County lost it

RECOMMENDATIONS

- Recommendations numbered R1, R2 ~~have been~~ were implemented. (initially)
  (Describe here or attach a summary statement regarding the implemented actions.)
- Recommendations numbered _____ have not yet been implemented, but will be implemented in the future.
  (Per Penal Code 933.05(b)(2), a time frame for implementation must be included. Describe here or in an attachment.)
- Recommendations numbered _____ require further analysis.
  (Describe here or attach an explanation and the scope and parameters of an analysis or study, and a timeframe for the matter to be prepared for discussion by the officer or director of the agency or department being investigated or reviewed, including the governing body of the public agency when applicable. This timeframe shall not exceed six (6(months from the date of publication of the grand jury report.)
- Recommendations numbered _____ will not be implemented because they are not warranted or are not reasonable.
  (Describe here or attach an explanation.)

Date: August 7, 2015 **Signed:** [signature]

Number of pages attached 0 .

RECEIVED 8/7/2015

Lewis Creek Water District

209 SOUTH LOCUST STREET ▪ POST OFFICE BOX 911
VISALIA, CALIFORNIA 93279-0911
PHONE 559/732-7938 ▪ FAX 559/732-7937

June 19, 2015

Tulare County Grand Jury
5963 S. Mooney Blvd.
Visalia, CA 93277

RE: 2014-2015 TULARE COUNTY GRAND JURY FINAL REPORT

Honorable Members of the Grand Jury:

The Lewis Creek Water District (District) recently received a certified mail transmittal providing the District with a copy of your 2014-2015 Final Report. This letter is prepared in response to that transmittal as required by state statute. Prior to providing the District's mandated response to the portion of said Final Report related to the District, a specific comment is felt to be warranted by the Board of Directors.

For the second year in a row, the combination of well below normal precipitation and runoff conditions, coupled with political interference, has created a situation where the Friant Division, CVP water supply allocation is zero (0). The Board of Directors is engaged in maintaining the District in a fully compliant position with all applicable statutes, rules, regulations and contract provisions and doing so in a manner which is the most cost effective for the landowners and growers which it represents. Someone's conclusion that the District is not in compliance with audit report preparation requirements has resulted in a total waste of public funds, in this case generated from assessments which are levied on assignees of contract rights held by the District. In this day and age, methods of communication exist which are not only of a multiple nature, but are almost instantaneous. For the District to have not had an inquiry from a method as simple as a phone call to determine compliance or non-compliance with the statutory requirements associated with an audit report is not only incomprehensible, it is irresponsible. A simple phone call would have determined that the District is in compliance with the statutory requirements and would have eliminated the entire response process associated with the finding of non-compliance by the Grand Jury, not to mention the associated loss of time by the members of the Grand Jury and associated support staff, time which could have been directed to a much more constructive issue. The Board of Directors is very much of the hope that the Grand Jury will, following the myriad of responses which they undoubtedly will receive with respect to this arena of faux non-compliance, provide a suggestion to the responsible department within the County of Tulare that they simply "pick up the phone and make a call" before engaging the Grand Jury in a process which has been employed with respect to this audit report topic.

Specifically to the findings of the Final Report, the District factually disagrees with the finding by the Tulare County Grand Jury that the District did not comply with the State of California Statutory Requirement that audits be conducted by the County Auditor or a Certified Public Accountant. The District did, in fact, direct the preparation of such an audit report, is in receipt of such audit report, has accepted the prepared audit report as mandated by statute and directed its auditor to file a copy of the report, as your Final Report appropriately notes is

required, with the County of Tulare. The District did not specify the manner in which such filing was to be made, which will be properly clarified in instruction generated in future years. Hard copy transmittals requiring an acceptance signature by the recipient will be mandated in future years. Quite obviously, electronic transmittals do not provide a sufficient pathway mechanism by which documented acknowledgement of receipt is generated.

You will find enclosed herewith, a full copy of the audit report for the Fiscal Year ended February 28, 2014. Like reports have been completed and accepted for each of the prior years and the report for Fiscal Year ended February 28, 2015, is in the process of completion. It is therefore the opinion of the District that they are in compliance with state statutes requiring the preparation of an annual audit report and that there is no need for the Auditor of the County of Tulare to complete such an audit, either with internal staff, or to proceed to contract for such work with an independent accounting firm.

As the District works closely with the Board of Supervisors, a copy of this letter is being transmitted to them for their review and consideration. As required by statute, a separate letter has been prepared and transmitted to the Presiding Judge.

Very truly yours,

Dennis R. Keller

Dennis R. Keller
Secretary

DK/ma
cc: Board of Directors
Max Sanborn, CPA
Tulare County Board of Supervisors

Lewis Creek Water District

209 SOUTH LOCUST STREET ▪ POST OFFICE BOX 911
VISALIA, CALIFORNIA 93279-0911
PHONE 559/732-7938 ▪ FAX 559/732-7937

RE: 2014-2015 FINAL REPORT (SPECIAL DISTRICTS – AUDIT FAILURES)

FINDINGS

- I (we) agree with the findings numbered: F1. .
- I (we) disagree wholly or partially with the Findings numbered: F2. and F3..

The District read, in the referenced Final Report, Finding F2. The District has no basis on which to dispute or agree with said Finding F2. other than to agree that the statement was contained in the Final Report.

With respect to Finding F3., the District is in a position of disagreement with the finding. As the Final Report listed the District as one of those entities failing to have prepared a required annual audit, when in fact they did, the report is incorrect from the position of the District. The District has instructed that this response not repeat their reply of June 19, 2015, but, instead, refer the Grand Jury and Judge Hillman to that response.

RECOMMENDATIONS

- Recommendations numbered R1. and R2. have been implemented by the District. The District has caused the preparation of annual audit reports and an annual report to the Office of the State Controller with the latter having been filed directly with the Office of the State Controller. The Auditor for the District has indicated that he filed a copy of the reviewed and accepted annual audit report for the period examined by the Grand Jury with the Auditor of the County of Tulare. The Auditor for the District has been instructed that, in future filings, said filings are to be made in hard copy format and transmitted to the County Auditor utilizing certified mail with a return receipt required.

  There are no attachments to this response.

Dennis R. Keller, Secretary

RECEIVED
8-26-2015

Lewis Creek Water District

209 SOUTH LOCUST STREET ▪ POST OFFICE BOX 911
VISALIA, CALIFORNIA 93279-0911
PHONE 559/732-7938 ▪ FAX 559/732-7937

August 24, 2015

Mr. Chuck White, Foreman
2015-2016 Tulare County Grand Jury
5963 South Mooney Blvd.
Visalia, CA 93277

RE: 2014-2015 FINAL REPORT (SPECIAL DISTRICTS – AUDIT FAILURES)

Dear Mr. White:

The Board of Directors of the Lewis Creek Water District met in regular session on August 19, 2015. As an agenda item for that meeting, they reviewed your letter of July 30, 2015, with respect to findings and recommendations elements contained in the 2014-2015 Final Report.

Based on instruction issued by the Board of Directors, they instructed the attached response be prepared and transmitted pursuant to your request. The Board noted that their regularly scheduled meeting was not set to occur until after the submittal deadline which you requested.

Very truly yours,

Dennis R. Keller
Secretary

DK:je

cc: The Honorable Judge Bret Hillman

STARR WARSON
ATTORNEY AT LAW

MAILING ADDRESS
Post Office Box 638
Lindsay, California 93247
warsonlaw@verizon.net

OFFICE ADDRESS
23100 Avenue 208
Lindsay, California 93247
559-568-0775 (voice/facsimile)

June 19, 2015

VIA USPS FIRST CLASS MAIL

The Honorable Judge Bret Hillman
County Civic Center, Room 303
221 S. Mooney Boulevard
Visalia, California 93291

Tulare County Grand Jury
Mr. Chuck White, Foreman
5963 S. Mooney Boulevard
Visalia, California 93277

RE: Tulare County Grand Jury Report
Final 2014-2015 Report

Dear Mr. Foreman:

This office is counsel for the Lindsay Local Hospital District, a Special District for healthcare in Lindsay, California. On June 9, 2015 we received portions of the report that are referred to as 'your portion' from the 2014-2015 Grand Jury Report, Chuck White, Foreman.

While no director, officer, or staff person of the Hospital District has been contacted from the Grand Jury, after research of recommendations in the report, it was found that while all annual audits have been done, some years were not forwarded to the County Auditor.

Upon further checking, it was found that the past practice of having the accounting office send the annual audits to the County Auditor had stopped somewhere between 2010 and 2011. It happened as the result of changed accounting practices put in place by the previous accounting office responsible for the annual audits. Beginning in 2013, the District engaged the services of a new CPA/Auditor, and that year's audit did not get sent to the Auditor's office.

After a discussion with the County Auditor's office, it was found that the following years' audits had not been sent to the Auditor's office:

2009-2010 2010-2011
2011-2012 2012-2013
2013-2014

RECEIVED 6-29-2015

The matter has been corrected, and the audits have been sent to the Auditor's office. Additionally, the policy has been changed and the current auditor advised, that a copy of all annual audits will be sent to the Auditor's office pursuant to California Government Code, §26909.

On behalf of the Lindsay Local Hospital District, the audits have been done, and are done on an annual basis, but some were not forwarded to the County Auditor's office. That error has been corrected and all annual audits are now on file in the Auditor's office.

If there should be follow up or further concerns, please advise this office, and thank you for the review and work of the Grand Jury.

Respectfully,

Starr Warson

STARR WARSON
ATTORNEY AT LAW

MAILING ADDRESS
Post Office Box 638
Lindsay, Calif. 93247
warsonlaw@verizon.net

OFFICE ADDRESS
23100 Avenue 208
Lindsay, Calif. 93247
559-568-0775 (voice/facsimile)

August 1, 2015

VIA USPS FIRST CLASS MAIL

The Honorable Judge Bret Hillman
County Civic Center, Room 303
221 S. Mooney Boulevard
Visalia, California 93277

Tulare County Grand Jury
5936 S. Mooney Boulevard
Visalia, California 93277

RE: Lindsay Local Hospital District
Grand Jury Correspondence July 30, 2015

Dear sirs,

Attached is the re-submission of the response to the Grand Jury 2014-2015 Final Report on behalf of the Lindsay Local Hospital District pursuant to your correspondence dated July 30, 2015.

Should there be any further concerns, please respond to this office with our thanks.

Very truly yours,

Starr Warson

RESPONSE TO
GRAND JURY 2014-2015 FINAL REPORT
LINDSAY LOCAL HOSPITAL DISTRICT
A SPECIAL DISTRICT FOR HEALTH CARE

Pursuant to the 2014-2015 Grand Jury Report of the County of Tulare, and the follow up correspondence dated July 30, 2015 regarding the Lindsay Local Hospital District, the following is submitted:

PROCEDURES FOLLOWED

Disputed Procedures: No director, officer, or employee of the Hospital District has been contacted or interviewed in person or by telephone by any representative of the Grand Jury. No member of the Grand Jury has appeared at any board meeting to inquire or observe.

FACTS

1. Agreed

2. Agreed

3. Agreed

4. Disputed: On August 1, 2015, there could be found no education program for special district board members posted at: http://tularecounty.ca.gov/board/index.cfrn/governance/

5. Agreed

FINDINGS

F1. Agreed

F2. Not Known

F3. Disputed: The term 'many' is ambiguous, misleading, and unclear. The term indicates nothing to the number, or portion of special districts found to be "not complying". The term brings unneeded innuendo and implications to the public to conclude badly about special districts in general. Special districts serve many important

services and needs in the lives of our residents. Ambiguous terms and unnecessary disparaging innuendos should be avoided.

RECOMMENDATIONS

R1. (1) Agreed & complied with: Special Districts are required to comply with auditing requirements.

(2) Agreed & complied with but with explanation: Records of such audits are to be filed with the County Auditor.

Deficiency: Lindsay Local Hospital District audits have been performed as required. However, it was found that some were not timely filed with the County Auditor.

In years past, the accountant's office had provided copies of the audits to the County Auditor. Following a discussion with the County Auditor's office, it was found the following audits had not been filed with the Auditor's office:

2009-2010	2010-2011
2011-2012	2012-2013
2013-2014	

With a change in the accounting office responsible for the audits, some years were not timely filed.

Resolution: The audits have been lodged with the Auditor's office by electronic mail on June 19, 2015 by the undersigned.

R2. Agreed & complied with.

Date: 8/1/2015

Respectfully submitted,

Starr Warson, Attorney at Law
Attorney for the Lindsay Local Hospital District

Lindsay Strathmore Memorial District

P.O. Box 518

Lindsay, CA 93247

September 28, 2015

RE: 2014-2015 Tulare County Final Report *Special Districts-Audit Failures*

Dear Mr. White:

Findings

We agree with the findings, numbered: F1 – F3. The district's annual audits have been completed by CPA, John Murao, Fresno, CA. However, they may not have been forwarded to The County Auditor's office.

Recommendations

Recommendations numbered R1 – R2 have been implemented and annual audits are prepared and completed, as previously stated by CPA, John Murao, Fresno, CA. Annual audits in question have been forwarded to The Tulare County Auditor's Office.

Date: 10/1/15

Signed:

Lindsay Strathmore Memorial District

P.O. Box 518

Lindsay, CA 93247

September 28, 2015

RE: 2014-2015 Tulare County Final Report *Special Districts-Audit Failures*

Dear Mr. White:

Findings

We agree with the findings, numbered: F1 – F3. The district's annual audits have been completed by CPA, John Murao, Fresno, CA. However, they may not have been forwarded to The County Auditor's office.

Recommendations

Recommendations numbered R1 – R2 have been implemented and annual audits are prepared and completed, as previously stated by CPA, John Murao, Fresno, CA. Annual audits in question have been forwarded to The Tulare County Auditor's Office.

Date: 10/1/15

Signed: D Chris Lean

LAFCO

TULARE COUNTY
LOCAL AGENCY FORMATION COMMISSION

210 N. Church St., Suite B, Visalia, CA 93291 Phone: (559) 623-0450 FAX: (559) 733-6720

June 10, 2015

TO: The Honorable Judge Bret Hillman
Tulare County Grand Jury
Tulare County Board of Supervisors

FROM: Tulare County Local Agency Formation Commission (LAFCo)

SUBJECT: Tulare County Grand Jury Report: "Special Districts-Audit Failures"

On May 12th, 2015 the Tulare County Grand Jury provided a report to Tulare County LAFCo titled "Special Districts-Audit Failures". The Grand Jury, pursuant to California Penal Code §933(c) required a response from Tulare County LAFCo by July 6th, 2015. Tulare County LAFCo reviewed the Grand Jury report at its June 10th, 2015 meeting. The following are LAFCo's responses:

F1. LAFCO intent was to create county (or area) agencies that could bring order and planning into overlapping jurisdictional and service boundaries that were becoming common circa 1963.

Tulare County LAFCo partially agrees with this finding. The finding could be better phrased as "State intent was to create LAFCOs that could bring order and planning into overlapping jurisdictional and service boundaries that were becoming common circa 1963". In addition, this is one aspect of the State's intent in creating LAFCOs. The complete legislative findings, declarations and State interests regarding LAFCOs are contained in Government Code (GC) §56001.

F2. During its research of independent special districts, the Grand Jury learned that reviews and investigations of special districts are not uncommon.

Tulare County LAFCo agrees with this finding in that many special districts are subject to Municipal Service Reviews by LAFCo and several special districts have been a subject of Grand Jury reports in the past.

F3. Many special districts are not complying with State mandated annual audits conducted by the County Auditor or a Certified Public Accountant.

Tulare County LAFCo agrees with this finding based on the County Auditor's report (dated 3/5/2015) to the Board of Supervisors regarding unfiled special district audits.

R1. Tulare County Special Districts are required to comply with minimum auditing requirements as set forth by the State Controller. Records of such audits are to be filed with the County Auditor as further required by CGC §26909.

Tulare County LAFCo agrees with this finding.

R2. Tulare County Special Districts should undertake an audit conducted by the County Auditor or a Certified Public Accountant/public accountant:

a. Have sufficient knowledge and training to enable compliance with both generally accepted auditing standards and generally accepted government auditing standards.
b. Have a thorough knowledge of the fundamental principles of governmental accounting, including both fund accounting and enterprise accounting.
c. Comply with Government Auditing Standards as promulgated by the United States General Accounting Office when applicable (e.g., Single Audit Act, required by agreement or contract, etc.)

Tulare County LAFCo substantially agrees with this finding. Under limited circumstances, GC §26909(c) allows for a financial review rather than an audit.

If there are any questions regarding this response, please contact me at 623-0450 or bgiuliani@tularecog.org.

Sincerely,

Ben Giuliani
Executive Officer
Tulare County Local Agency Formation Commission

Cc: Identified districts that have not filed their audit reports with the County

R1. Tulare County Special Districts are required to comply with minimum auditing requirements as set forth by the State Controller. Records of such audits are to be filed with the County Auditor as further required by CGC §26909.

Tulare County LAFCo agrees with this finding.

R2. Tulare County Special Districts should undertake an audit conducted by the County Auditor or a Certified Public Accountant/public accountant:

a. Have sufficient knowledge and training to enable compliance with both generally accepted auditing standards and generally accepted government auditing standards.
b. Have a thorough knowledge of the fundamental principles of governmental accounting, including both fund accounting and enterprise accounting.
c. Comply with Government Auditing Standards as promulgated by the United States General Accounting Office when applicable (e.g., Single Audit Act, required by agreement or contract, etc.)

Tulare County LAFCo substantially agrees with this finding. Under limited circumstances, GC §26909(c) allows for a financial review rather than an audit.

If there are any questions regarding this response, please contact me at 623-0450 or bgiuliani@tularecog.org.

Sincerely,

Ben Giuliani
Executive Officer
Tulare County Local Agency Formation Commission

Cc: Identified districts that have not filed their audit reports with the County

POPLAR COMMUNITY SERVICE DISTRICT

Post Office Box 3849
Poplar, California 93258
Telephone (559) 784-7009

June 2, 2015

Honorable Judge Bret Hillman
County Civic Center, Room 303
221 South Mooney Blvd.
Visalia, CA 93291

Tulare County Grand Jury
5963 South Mooney Blvd.
Visalia, CA 93277

Tulare County Board of Supervisors
2800 W. Burrel Avenue
Visalia, CA 93291

Re: Poplar Community Service District

The Poplar Community Service District is in receipt of the Grand Jury Report recommendations as follows:

R1. Tulare County Special Districts are required to comply with minimum accounting requirements as set forth by the county controller. Records of such audits are to be filed with the county auditor. The district answers as follows: The Poplar Community Service District does an audit annually. For the year ending June 30, 2014, the audit was performed by Pine, Pedroncelli and Aguilar, Inc., certified public accountants. The audit is in compliance with the rules and regulations set forth by the state controller. In checking with Gil Aguilar he advises that he has never filed an audit report with the county auditor's office as he was not aware that it was required. This has been corrected and both Mr. Aguilar and the District have sent the audit report for 2014 to the Tulare County Auditor's Office.

R2. Tulare County Special Districts should undertake an audit conducted by county auditor or a certified public accountant. The district answers as follows: Each year the Poplar Community Service District does an annual audit and uses a certified public accountant. The District will in the future advise the accountant to file the audit report with the county auditor and as a backup the District will also file the report.

Thank you for your courtesy,

Very truly yours,

MIKE CLARK, President
Board of Directors
Poplar Community Service District

POPLAR COMMUNITY SERVICE DISTRICT

Post Office Box 3849
Poplar, California 93258
Telephone (559) 784-7009

August 11, 2015

Tulare County Grand Jury
5963 South Mooney Boulevard
Visalia, CA 93277
Attention: Mr. Chuck White

Re: Special District Audit Failures

Dear Mr. White:

In response to your letter of July 30, 2015, the Poplar Community Service District responds to the findings outlined in the 2014-2015 letter from the Grand Jury concerning audit failures as follows:

F1. LAFCO intent was to create county (or area) agencies that could bring order and planning into overlapping jurisdictional and service boundaries that were becoming common circa 1963.

This responding Agency has no information that would allow this responding Agency to agree or disagree with this finding.

F2. During its research of independent special districts, the Grand Jury learned that reviews and investigation of special districts are not uncommon.

This responding Agency has no information that would allow this responding Agency to agree or disagree with this finding.

F3. Many special districts are not complying with State mandated annual audits conducted by the County Auditor or a Certified Public Accountant.

This responding Agency has no information that would allow this responding Agency to agree or disagree with this finding.

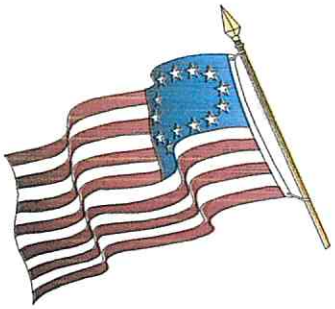
Very truly yours,

MIKE CLARK, President
Board of Directors
POPLAR COMMUNITY SERVICE DISTRICT

RECEIVED 8/21/2015

PORTERVILLE MEMORIAL DISTRICT

1900 WEST OLIVE
PORTERVILLE CA. 93257



June 19, 2015

Tulare County Grand Jury
5963 South Mooney Blvd.
Visalia, CA 93277

Ladies and Gentlemen:

In the 2014-2015 Tulare County Grand Jury Final Report, a finding was made that: "Many special districts Are not complying with State mandated annual audits conducted by the County Auditor or a Certified Public Accountant." In addition, the Report included a recommendation that: "Tulare County Special Districts Should undertake an audit conducted by the County Auditor or a Certified Public Accountant/public accountant."

Porterville Memorial District wholly disagrees with the finding by the Tulare County Grand Jury that Porterville Memorial District did not comply with the State of California mandate of annual audits to be Conducted by the County Auditor or a Certified Public Accountant.

The District employed a Certified Public Accounting firm, Sanborn and Sanborn Accountancy Corporation, Who conducted the audit timely in accordance with State of California law. The audit report was submitted Timely by that accounting firm (please see the accounting firm's transmittals). Upon obtaining knowledge That the audit report was not received by the Tulare County Auditor, the accounting firm resubmitted the audit Report via electronic transmission on Monday June 3, 2015 to the Tulare County Auditor.

Accordingly, the District maintains that the recommendation has been implemented and also maintains that The recommendation will continue to be implemented in the future.

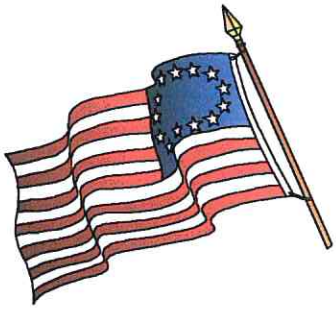
Respectfully submitted,

Edward S. Flory
Porterville Memorial District
Chairman

RECEIVED
6-29-2015

PORTERVILLE MEMORIAL DISTRICT

1900 WEST OLIVE
PORTERVILLE CA. 93257



August 14, 2015

Tulare County Grand Jury
5963 South Mooney Blvd.
Visalia, Ca. 93277

RE: 2014-2015 Tulare Grand Jury Final Report
Special Districts – Audit Failures

Ladies and Gentlemen:

Porterville Memorial District disagrees wholly with the findings numbered F1, F2 and F3 for the Following reasons:

1. The District has no control over the entities addressed in F1. In addition, F1 is not a finding.
2. The District has no control over the entities addressed in F2. In addition, F2 is not a finding.
3. The District has had an annual audit since at least the year ended June 30, 1996. In addition, the report On the annual audit has been filed with the Tulare County Auditor's office since at least the year ended June 30, 1996.

Porterville Memorial District has implemented recommendation R2 (see item three, above) and will continue To have an annual audit and will continue to timely file the report on the annual audit with the Tulare County Auditor's office.

Porterville Memorial District cannot implement recommendation R1 because it is not a recommendation.

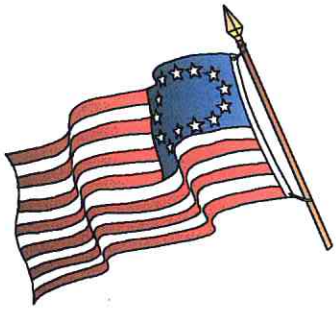
Respectfully submitted,

Edward S. Flory
Porterville Memorial District
Chairman

RECEIVED
8/21/2015

PORTERVILLE MEMORIAL DISTRICT

1900 WEST OLIVE
PORTERVILLE CA. 93257



August 14, 2015

Tulare County Grand Jury
5963 South Mooney Blvd.
Visalia, Ca. 93277

RE: 2014-2015 Tulare County Grand Jury Final Report
Special Districts – Audit Failures

Ladies and Gentlemen:

In the 2014-2015 Tulare County Grand Jury Final Report, a finding was made the: "Many special districts Are not complying with State mandated annual audits conducted by the County Auditor or a Certified Public Accountant." In addition, the Report included a recommendation that: "Tulare County Special Districts Should undertake an audit conducted by the County Auditor or a Certified Public Accountant/public Accountant."

Porterville Memorial District wholly disagrees with the finding by the Tulare County Grand Jury that Porterville Memorial District did not comply with the State of California mandate of annual audits to be Conducted by the County Auditor or a Certified Public Accountant.

The District employed a Certified Public Accounting firm, Sanborn and Sanborn Accountancy Corporation, Who conducted the audit timely in accordance with State of California law. The audit report was submitted Timely by that accounting firm. Upon obtaining knowledge that the audit report was not received by the Tulare County Auditor, the accounting firm resubmitted the audit report via electronic transmission on Monday, June 3, 2015 to the Tulare County Auditor.

Accordingly, the District maintains that the recommendation has been implemented and also maintains that The recommendation will continue to be implemented in the future.

Respectfully submitted,

Edward S. Flory
Porterville Memorial District
Chairman

RECEIVED
8/21/2015

Sequoia Memorial District

P.O. Box 324

Lemon Cove, Ca. 93244

July 30 2015

Tulare County Grand Jury

5963 S. Mooney Blvd.

Visalia, Ca. 93277

Members of the Tulare County Grand Jury:

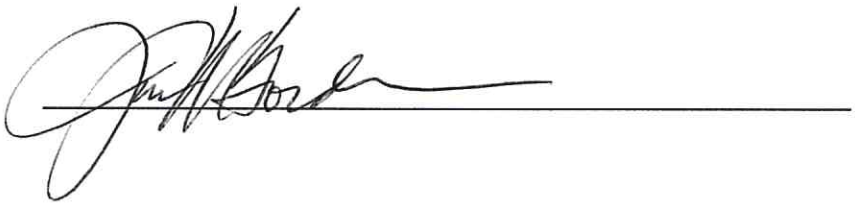
The Sequoia Memorial District Board submits the following response to The Tulare County Grand Jury report: **Special Districts – Audit Failures**

1) The Board agrees with the finding.
2) The recommendation has been Implemented

Please see enclosed copy of the Sequoia Memorial District Audit Dated Dec 19 2014

James Gorden

President



SPRINGVILLE VETERANS MEMORIAL DISTRICT
P.O. BOX 943
SPRINGVILLE, CA 93265
(559)539-0223

June 19, 2015

Tulare County Grand Jury
5963 South Mooney Blvd.
Visalia, CA 93277

RE: 2014-2015 Tulare County Grand Jury Final Report
Special Districts- Audit Failures

Ladies and Gentlemen:

In the 2014-2015 Tulare County Grand Jury Final Report, a finding was made that: "Many special districts are not complying with State mandated annual audits conducted by the County Auditor or a Certified Public Accountant." In addition, the Report included a recommendation that: "Tulare County Special Districts should undertake an audit conducted by the County Auditor or a certified Public Accountant/public accountant".

Springville Memorial District wholly disagrees with the findings by the Tulare Conty Grand Jury that Springville Memorial District did not comply with the State of California mandate of annual audits to conducted by the County Auditor or a Certified Public Accountant.

The District employed a Certified Public Accounting firm, Sanborn and Sanborn Accountancy Corporation, who conducted the audit timely in accordance with State of California law. The audit report was submitted timely by that accounting firm (please see the accounting firm's transmittals). Upon obtaining knowledge that the audit report was not received by the Tulare County Auditor, the accounting firm resubmitted the audit report via electronic transmission on Monday, June 3, 2015 to the Tulare County Auditor.

Accordingly, the District maintains that the recommendation has been implemented and also maintains that the recommendation will continue to be implemented in the future.

Respectively Submitted

Jerry McCleary
Secretary

John T Millwee
President

RECEIVED
6-23-2015

SPRINGVILLE VETERANS' MEMORIAL DISTRICT
P.O. BOX 943
SPRINGVILLE, CA 93265
(559)539-0223

August 7, 2015

Tulare County Grand Jury
5963 S Mooney
Visalia, CA 93277

RE; 2014-2015 Tulare Grand Jury Final Report
Special Districts Audit Failures

Dear Sir/Madam

In the 2014-2015 Tulare County grand Jury Final Report, the Springville Memorial District was cited as a Special District that had not filed their annual audit report by the required due date. Our response is a follows:

FINDINGS
. We agree with findings numbered F1 and F2.
. We disagree partially with the finding F3. We do not have information on other Special Districts but we do know that the Springville Memorial District has complied with the mandated audits for many years and detailed information was transmitted in our letter of June 19, 2015 (copy enclosed)

RECOMMENDATIONS
.Recommendations R1 and R2 have been followed for many years and are still being implemented.

We would like to point out that this is the second time in less than three years that the Grand Jury, based on information supplied by the Tulare County Auditor-Treasurers office, has cited the Springville Memorial District as being out of compliance with County or State requirements (2012-use of revolving checking accounts and 2015-annual audit). Both of these citations have been based on incorrect information. We understand that the Grand Jury must assume that the information they receive from a County office, such as the Auditor-Treasure, is correct and therefore act accordingly. But this emerging trend of misinformation from the Auditor-Treasurer is disturbing. We respectively suggest that perhaps an investigation of this office might be appropriate.

Respectively Submitted

Jerry McCleary
Secretary

John T Millwee
President

enc: 1 page letter of 6/19/15

RECEIVED
8-12-2015

SPRINGVILLE VETERANS MEMORIAL DISTRICT
P.O. BOX 943
SPRINGVILLE, CA 93265
(559)539-0223

June 19, 2015

Tulare County Grand Jury
5963 South Mooney Blvd.
Visalia, CA 93277

RE: 2014-2015 Tulare County Grand Jury Final Report
Special Districts- Audit Failures

Ladies and Gentlemen:

In the 2014-2015 Tulare County Grand Jury Final Report, a finding was made that: "Many special districts are not complying with State mandated annual audits conducted by the County Auditor or a Certified Public Accountant." In addition, the Report included a recommendation that: "Tulare County Special Districts should undertake an audit conducted by the County Auditor or a certified Public Accountant/public accountant".

Springville Memorial District wholly disagrees with the findings by the Tulare Conty Grand Jury that Springville Memorial District did not comply with the State of California mandate of annual audits to conducted by the County Auditor or a Certified Public Accountant.

The District employed a Certified Public Accounting firm, Sanborn and Sanborn Accountancy Corporation, who conducted the audit timely in accordance with State of California law. The audit report was submitted timely by that accounting firm (please see the accounting firm's transmittals). Upon obtaining knowledge that the audit report was not received by the Tulare County Auditor, the accounting firm resubmitted the audit report via electronic transmission on Monday, June 3, 2015 to the Tulare County Auditor.

Accordingly, the District maintains that the recommendation has been implemented and also maintains that the recommendation will continue to be implemented in the future.

Respectively Submitted

Jerry McCleary
Secretary

John T Millwee
President

ST JOHNS WATER DISTRICT
P.O. BOX 366

FARMERSVILLE, CA. 93223

PHONE 559-747-1177

OCTOBER 8, 2015

Tulare County Grand Jury

5963 South Mooney Blvd

Visalia, Ca. 93277

RE: ST JOHN'S WATER DISTRICT

DEAR MR WHITE,

In response to your request for information from the St. John's District regarding the 2014/2015

Grand jury report we provide the following:

We agree with the Grand Jury findings, numbered: F1, F2, and F3.

Recommendations numbered R1 and R2 have been implemented.

Implementation has been accomplished by

1. Timely filling annual audit reports with the California State Controller and with the Tulare County Auditor's office.

2. The district has retained a certified Public Accountant who will serve as The District auditor and consultant with the sufficient knowledge and training to enable compliance with both generally accepted auditing standards and generally accepted government auditing standards.

We hope this satisfied your request for responses. Should you need additional information we will be happy to comply.

Regards,

James Silva-General Manager

Date: 10-8-2015

RECEIVED
10-8-2015

ST JOHNS WATER DISTRICT
P.O. BOX 366

FARMERSVILLE, CA. 93223

PHONE 559-747-1177

OCTOBER 8, 2015

Tulare County Grand Jury

5963 South Mooney Blvd

Visalia, Ca. 93277

RE: ST JOHN'S WATER DISTRICT

DEAR MR WHITE,

In response to your request for information from the St. John's District regarding the 2014/2015

Grand jury report we provide the following:

We agree with the Grand Jury findings, numbered: F1, F2, and F3.

Recommendations numbered R1 and R2 have been implemented.

Implementation has been accomplished by

1. Timely filling annual audit reports with the California State Controller and with the Tulare County Auditor's office.

2. The district has retained a certified Public Accountant who will serve as The District auditor and consultant with the sufficient knowledge and training to enable compliance with both generally accepted auditing standards and generally accepted government auditing standards.

We hope this satisfied your request for responses. Should you need additional information we will be happy to comply.

Regards,

James Silva-General Manager

Date: 10-8-2015

TERRA BELLA VETERANS MEMORIAL DISTRICT

PO BOX 10487

TERRA BELLA, CA 93270

559-535-4454

Tulare County Grand Jury
5963 South Mooney Blvd.
Visalia, CA 93277

RE: 2014-2015 Tulare County Grand Jury Final Report
Special Districts - Audit Failures

Ladies and Gentlemen:

In the 2014-2015 Tulare County Grand Jury Final Report, a finding was made that: "Many special districts are not complying with State mandated annual audits conducted by the County Auditor or a Certified Public Accountant." In addition, the Report included a recommendation that: "Tulare County Special Districts should undertake an audit conducted by the County Auditor or a Certified Public Accountant/public accountant."

Terra Bella Memorial District wholly disagrees with the finding by the Tulare County Grand Jury that Terra Bella Memorial District did not comply with the State of California mandate of annual audits to be conducted by the County Auditor or a Certified Public Accountant.

The District employed a Certified Public Accounting firm, Sanborn and Sanborn Accountancy Corporation, who conducted the audit timely in accordance with State of California law. The audit report was submitted timely by that accounting firm (please see the accounting firm's transmittals). Upon obtaining knowledge that the audit report was not received by the Tulare County Auditor, the accounting firm resubmitted the audit report via electronic transmission on Monday, June 3, 2015 to the Tulare County Auditor.

Accordingly, the District maintains that the recommendation has been implemented and also maintains that the recommendation will continue to be implemented in the future.

Respectfully submitted,

Juan Lopez Juan Lopez

President Terra Bella Veteran's Memorial District

TERRA BELLA VETERANS MEMORIAL DISTRICT

PO BOX 10487

TERRA BELLA, CA 93270

559-535-4454

8-11-2015

1) The Honorable Judge Bret Hillman
County Civic Center, Room 303
221 South Mooney Blvd.
Visalia, CA 93291

2) Tulare County Grand Jury
5963 South Mooney Blvd.
Visalia, CA 93277

3) Tulare County Board of Supervisors
2800 West Burrel Avenue
Visalia, CA 93291

RE: 2014-2015 Tulare County Grand Jury Final Report
Special Districts - Audit Failures

Ladies and Gentlemen:

Terra Bella Memorial District disagrees wholly with the findings numbered F1, F2 and F3 for the following reasons:

1) The District has no control over the entities addressed in F1. In addition, F1 is not a finding.

2) The District has no control over the entities addressed in F2. In addition, F2 is not a finding.

3) The District has had an annual audit since at least the year ended June 30, 1996. In addition, the report on the annual audit has been filed with the Tulare County Auditor's office since at least the year ended June 30, 1996.

Terra Bella Memorial District has implemented recommendation R2 (see item three, above) and will continue to have an annual audit and will continue to timely file the report on the annual audit with the Tulare County Auditor's office.

Terra Bella Memorial District cannot implement recommendation R1 because it is not a recommendation.

Respectfully submitted,

"Signature of District Official Responding" Juan P. Lopez

"Title of District Official Responding" PRESIDENT

RECEIVED 8-17-2015

TERRA BELLA VETERANS MEMORIAL DISTRICT

PO BOX 10487

TERRA BELLA, CA 93270

559-535-4454

8-11-2015

1) The Honorable Judge Bret Hillman
County Civic Center, Room 303
221 South Mooney Blvd.
Visalia, CA 93291

2) Tulare County Grand Jury
5963 South Mooney Blvd.
Visalia, CA 93277

3) Tulare County Board of Supervisors
2800 West Burrel Avenue
Visalia, CA 93291

RE: 2014-2015 Tulare County Grand Jury Final Report
Special Districts - Audit Failures

Ladies and Gentlemen:

In the 2014-2015 Tulare County Grand Jury Final Report, a finding was made that: "Many special districts are not complying with State mandated annual audits conducted by the County Auditor or a Certified Public Accountant." In addition, the Report included a recommendation that: "Tulare County Special Districts should undertake an audit conducted by the County Auditor or a Certified Public Accountant/public accountant."

Terra Bella Memorial District wholly disagrees with the finding by the Tulare County Grand Jury that Terra Bella Memorial District did not comply with the State of California mandate of annual audits to be conducted by the County Auditor or a Certified Public Accountant.

The District employed a Certified Public Accounting firm, Sanborn and Sanborn Accountancy Corporation, who conducted the audit timely in accordance with State of California law. The audit report was submitted timely by that accounting firm (please see the accounting firm's transmittals). Upon obtaining knowledge that the audit report was not received by the Tulare County Auditor, the accounting firm resubmitted the audit report via electronic transmission on Monday, June 3, 2015 to the Tulare County Auditor.

Accordingly, the District maintains that the recommendation has been implemented and also maintains that the recommendation will continue to be implemented in the future.

Respectfully submitted,

"Signature of District Official Responding" Juan P. Lopez

"Title of District Official Responding" President

TEVISTON COMMUNITY SERVICES DISTRICT

12934 Avenue 80 • P.O. Box T• Pixley, CA 93256•Phone: 559 – 757- 3539
tevistoncommunitysd@gmail.com

The Honorable Judge Bret Hillman
County Civic Center, Room 303
221 S. Mooney Blvd
Visalia, CA 93291

Tulare County Grand Jury
5963 S. Mooney Blvd
Visalia, CA 93277

Tulare County Board of Supervisors
2800 W. Burrell Ave.
Visalia, CA 93291

Re: Tulare County Grand Jury Report 2014-2015; Special Districts – Audit Failures

To whom it may concern:

The Teviston Community Services District hereby responds to the above-referenced portion of the Tulare County Grand Jury Report for 2014-2015, pursuant to California Penal Code section 933.05 as follows:

Teviston CSD does not dispute the findings as they pertain to Teviston. Specifically, Teviston cannot confirm the regular transmittal of its annual audit reports in accordance with applicable law. Any failure to do so, however, was as a result of a lack of awareness and understanding of the applicable legal requirements.

The recommendations made will be implemented by Teviston and Teviston is also gathering prior years' audits to insure they are likewise transmitted to the County of Tulare Auditor-Controller.

Teviston wishes to thank the Grand Jury for bringing this to the attention of special districts, like Teviston, that serve the small, rural communities of Tulare County.

Sincerely,

Dawnmarie Guerrero

District Manager, TCSD

CC: Member of the Board of the Teviston Community Services District

RECEIVED
7-24-2015

THREE RIVERS MEMORIAL DISTRICT

P.O. BOX 25
THREE RIVERS, CA 93271

(559) 561-2222
info@3rmd.org

Tulare County Grand Jury
5963 South Mooney Boulevard
Visalia, CA 93277

Hand delivered

September 29, 2015

To Tulare County Grand Jury:

In response to the subpoena date September 16, 2015:

1. Response to the 2014-2015 Tulare County Grans Jury's report titled *Special Districts – Audit Failures* as per Penal Code Section 933.05.

   I am unaware that Three Rivers Memorial District is out of compliance with any agency regarding this matter. Research is underway and if the District is out of compliance in any way, prompt measures will be taken to remedy the situation.

2. A copy of the Three Rivers Memorial District's Audited Financial Statement for the year 2014 that was submitted to the Tulare County's Auditor Controller.

   To the best of my knowledge no Audited Financial Statement is due to the Tulare County's Auditor Controller for the calendar year 2014. Three Rivers Memorial District is on a 24-month, fiscal year audit cycle. The next Audited Financial Statement is due by June 30, 2016 for the fiscal years 2013-2014 and 2014-2015 (which ended on June 30, 2015).

Nancy Brunson

Nancy Brunson, Manager
Three Rivers Memorial District

RECEIVED
10-5-2015

Three Rivers Public Cemetery District
P.O. Box 317
Three Rivers, CA 93271

July 31, 2015

Tulare County Grand Jury
5963 S Mooney Blvd
Visalia, CA 93277

Subject: Special District Audit Failures

Dear Sirs:

We have received you letter regarding Grand Jury recommendations and we have not and are not planning to conduct such an audit because of the significant cost involved.

In reviewing the list of districts that have not completed audits, we are probably similar to many of them in that we are an unpaid volunteer board and have no employees. We have a limited amount of resources and elect to make our expenditures where we believe are in the best interest of the cemetery. In the past we have had two year audits. Historically the County has helped small districts such as ours in performing these audits for a cost of $500. This policy was discontinued about six to eight years ago and since then we had two audits performed at a cost of about $3,600. This amount represented the largest single disbursement made by the cemetery during its last two audit periods. We have had outside accounting firms give us estimates of $5,000 to $8,000 for a current audit. In fact the cost of an audit performed in accordance with generally accepted accounting principles has increased significantly over the last decade because of additional work that is now required. Also the general audit work that is now required does not differentiate on whether the auditee is a very small entity like us, or the size of a county with hundreds of millions in expenditures. To give you a general understanding of our district's size, we generally have $20,000 to $30,000 in annual expenditures and this year we have paid twelve vendors of which five are generally paid on a monthly basis and issue between fifty to sixty checks annually, plus automatic monthly withdrawals for electric and telephone bills. We have two funds; a general fund and an endowment fund. Although there is almost $30,000 in the endowment fund, we are not able to spend any of this on our general expenditures since the endowment fund is established principally to maintain the cemetery after the cemetery has ceased general operations (sold all plots).

To summarize, we do not object to an audit, but the current cost of performing an audit is just so expensive for districts our size and we can't justify spending this sum when it can be used in obtaining items such as new mowers, casket lowing devices, retaining walls, and other improvements that are currently needed by our cemetery district. As a general rule, we spend most or all of the funds we receive each year just for the recurring expenses of the cemetery and are normally unable to perform any deferred maintenance on cemetery assets.

For your information, I can understand this issue from both sides, since I am a Certified Public Accountant and was the Chief Internal Auditor for the County of Tulare for almost fifteen years.

I understand that for small entities such as us, there are internal control limitations which are normally mentioned in audit reports, which the districts are unable to address. I also understand the financial limitations that small districts live under and believe that for us/them to survive, larger entities such as counties and/or the state need to help us/them in matters such as audits.

We believe that any of the following changes would significantly help small districts such as ours:

1. Audit requirements should be changed for small entities such as ours which could reduce the audit cost, or

2. The County could help with these costs as it has done in prior decades, or

3. Small entities such as ours could be included as part of the County's single audit (Consider changes such as making a Supervisor a member of an unpaid board to enable a small entity to become part of the County's single audit).

Any one of this solutions would help significantly in reducing or eliminating this significant cost for small districts such as ours and we hope that you would support us in requesting a change(s) of this nature.

If you have interest in any of these suggestions and would like to have us discuss this more with you, please let us know.

Sincerely,

Vernon McDonald
Board Member

cc:
The Honorable Judge Bret Hillman
County Civic Center, Room 303
221 South Mooney Blvd
Visalia, CA 93291

Allen Ishida
Tulare County Board of Supervisors
2800 W. Burrel Ave
Visalia, CA 93291

Rita Woodard, Auditor/Controller
221 South Mooney Blvd, Room 101-E
Visalia, CA 93291

Gary B. Whitney
Robert J Hanggi
Don Gibson

Three Rivers Public Cemetery District
P.O. Box 317
Three Rivers, CA 93271

September 22, 2015

Tulare County Grand Jury
5963 S Mooney Blvd
Visalia, CA 93277

Subject: Special District Audit Failures

Dear Sirs:

We have received your letter dated August 13, 2015 and discussed it with your representatives and responded that we believed that our letter dated June 25, 2015 complied with your requirements but were told by telephone on September 21, 2015 that the letter did not meet the requirements of the Grand Jury. Therefore in the requirements as you have stated, here is our response in what we believe are in your required format.

FINDINGS:

We can not agree or disagree with Findings numbered F1, F2, and F3 since we do not know the information that the Grand Jury utilized to determine the findings.

RECOMMENDATIONS:

Recommendations R1 and R2 will not be implemented because they are to burdensome and expensive to a very small district such as ours. See the letter dated June 25, 2015 attached that explains this in more detail and offers suggestions that would help small entities such as ours.

Sincerely,

Date: September 22, 2015

Vernon McDonald
Board Member

Number of pages attached - 2.

cc::
The Honorable Judge Bret Hillman
County Civic Center, Room 303
221 South Mooney Blvd
Visalia, CA 93291

Tulare County Board of Supervisors
2800 W. Burrel Ave
Visalia, CA 93291

Three Rivers Public Cemetery District
P.O. Box 317
Three Rivers, CA 93271

June 25, 2015

Tulare County Grand Jury
5963 S Mooney Blvd
Visalia, CA 93277

Subject: Special District Audit Failures

Dear Sirs:

We have received you letter regarding Grand Jury recommendations and we have not and are not planning to conduct such the audit because of the significant cost involved.

.

In reviewing the list of districts that have not completed audits, we are probably similar to many of them in that we are an unpaid volunteer board and have no employees. We have a limited amount of resources and elect to make our expenditures where we believe are in the best interest of the district. In the past we have had two year audits. Historically the County has helped small districts such as ours in performing these audits for a cost of $500. This policy was discontinued about six to eight years ago and since then we had two audits performed at a cost of about $3,600. This amount represented the largest single disbursement made by the district during its last two audit periods. We have had outside accounting firms give us estimates of $5,000 to $8,000 for a current audit. . In fact the cost of an audit performed in accordance with generally accepted accounting principals has increased significantly over the last decade because of the additional work that is now required. Also the general audit work that is now required does not differentiate on whether the auditee is a very small entity like as, or the size of a county with hundreds of millions in expenditures. To give you an general understanding of our district's size, we generally have $20,000 to $30,000 in annual expenditures and this year we have paid twelve vendors of which five are generally paid on a monthly basis and issue between fifty to sixty checks annually, plus automatic monthly withdrawals for electric and telephone bills.. We have two funds; a general fund and an endowment fund. Although there is almost $30,000 in the endowment fund, we are not able to spend any of this on our general expenditures since the endowment fund is specifically required to maintain the cemetery after the cemetery has ceased general operations (sold all plots)..

To summerize, we do not object to an audit, but the current cost of performing audits are just so expensive for districts our size and we can not justify spending this sum when it can be used in obtaining items such as new mowers, casket lowing devices, retaining walls, and other improvements that are currently needed by our cemetery district. As a general rule, we spend most

or all of the funds we receive each year just for the recurring expenses of the district and are normally unable to perform any deferred maintenance on the districts assets.

For your information, I can understand this issue from both sides, since I am a Certified Public Accountant and was the Chief Internal Auditor for the County of Tulare for almost fifteen years. I understand that for small entities such as us, there are internal control limitations which are mentioned in audit reports and which the districts are unable to address. I also understand the financial limitations that small districts live under and believe that for them to survive, larger entities such as counties and/or the state need to help them/us in matters such as audits.

We believe that any of the following changes would significantly help small districts such as ours:

1. audit requirements should be change for small entities such as ours which could reduce the audit cost, or

2. the County could help with these costs as it used to during the prior decades, or

3. small entities such as ours could be included as part of the County's single audit..

Any one of this solutions would help significantly in reducing or eliminating this significant cost for small districts such as ours and we hope that you would support us in requesting this type of change.

If you have interest in any of these suggestions and would like to have us discuss this more with you, please let us know.

Sincerely,

Vernon McDonald
Board Member

cc::
The Honorable Judge Bret Hillman
County Civic Center, Room 303
221 South Mooney Blvd
Visalia, CA 93291

Tulare County Board of Supervisors
2800 W. Burrel Ave
Visalia, CA 93291

Gary B. Whitney
Robert J Hanggi

TIPTON COMMUNITY SERVICE DISTRICT
Post Office Box 266
Tipton, California 93272
Tel: (559) 752-4182

June 2, 2015

Honorable Judge Bret Hillman
County Civic Center, Room 303
221 South Mooney Blvd.
Visalia, CA 93291

Tulare County Grand Jury
5963 South Mooney Blvd.
Visalia, CA 93277

Tulare County Board of Supervisors
2800 W. Burrel Avenue
Visalia, CA 93291

Re: Tipton Community Service District

The Tipton Community Service District is in receipt of the Grand Jury Report recommendations as follows:

R1. Tulare County Special Districts are required to comply with minimum accounting requirements as set forth by the county controller. Records of such audits are to be filed with the county auditor. The district answers as follows: The Tipton Community Service District does an audit annually. For the year ending June 30, 2014, the audit was performed by Sanborn and Sanborn Accountancy Corporation, who are certified public accountants. The audit is in compliance with the rules and regulations set forth by the state controller. In checking with Max Sanborn he advises that he electronically forwarded the report to the county auditor's office, however he does not have confirmation that the auditor's office received the report. This has been corrected as both Mr. Sanborn and the District have sent the audit report for 2014 to the Tulare County Auditor's Office.

R2. Tulare County Special Districts should undertake an audit conducted by county auditor or a certified public accountant. The district answers as follows: Each

year the Tipton Community Service District does an annual audit and uses a certified public accountant. The District will in the future advise the accountant to file the audit report with the county auditor and as a backup the District will also file the report.

Thank you for your courtesy,

Very truly yours,

HELEN FERREL, President
Board of Directors
Tipton Community Service District

TIPTON COMMUNITY SERVICE DISTRICT

Post Office Box 266
Tipton, California 93272
Telephone (559) 752-4182

August 6, 2015

Tulare County Grand Jury
5963 South Mooney Boulevard
Visalia, CA 93277
Attention: Mr. Chuck White

Re: Special District Audit Failures

Dear Mr. White:

In response to your letter of July 30, 2015, the Tipton Community Service District responds to the findings outlined in the 2014-2015 letter from the Grand Jury concerning audit failures as follows:

F1. LAFCO intent was to create county (or area) agencies that could bring order and planning into overlapping jurisdictional and service boundaries that were becoming common circa 1963.

This responding Agency has no information that would allow this responding Agency to agree or disagree with this finding.

F2. During its research of independent special districts, the Grand Jury learned that reviews and investigation of special districts are not uncommon.

This responding Agency has no information that would allow this responding Agency to agree or disagree with this finding.

F3. Many special districts are not complying with State mandated annual audits conducted by the County Auditor or a Certified Public Accountant.

This responding Agency has no information that would allow this responding Agency to agree or disagree with this finding.

Very truly yours,

Helen Ferrell

HELEN FERRELL, President
Board of Directors
TIPTON COMMUNITY SERVICE DISTRICT

RECEIVED
8-17-2015

October 12, 2015

To: The Honorable Judge Bret Hillman
Tulare County Grand Jury
Tulare County Board of Supervisors

From: Tipton-Pixley Public Cemetery District

Subject: Tulare County Grand Jury Report: "Special Districts – Audit Failures"

On May 12, 2015, the Tulare County Grand Jury provided a report to Tipton Pixley Public Cemetery District titled "Special Districts – Audit Failures". The Grand Jury pursuant to California Penal Code Section 933(c) required a response from Tipton Pixley Public Cemetery District. Tipton Pixley Public Cemetery District reviewed the Grand Jury report and the following is Tipton Pixley Public Cemetery District's responses:

F1. LAFCO intent was to create county (or area) agencies that could bring order and planning into overlapping jurisdictional and service boundaries that were becoming common circa 1963.

Tulare County LAFCo partially agrees with this finding. The finding could be better phrased as "State intent was to create LAFCos that could bring order and planning into overlapping jurisdictional and service boundaries that were becoming common circa 1963". In addition, this is one aspect of the State's intent in creating LAFCOs. The complete legislative findings, declarations and State interests regarding LAFCOs are contained in Government Code (GC) Section 56001.

F2. During its research of independent special districts, the Grand Jury learned that reviews and investigations of special districts are not uncommon.

Tipton Pixley Public Cemetery District agrees with this finding in that many special districts are subject to Municipal Service Reviews by LAFCo and several special districts have been a subject of Grand Jury reports in the past.

F3. Many special districts are not complying with State mandated annual audits conducted by the County Auditor or a Certified Public Accountant.

Tipton Pixley Public Cemetery District agrees with this finding based on the County Auditor's report (dated 3/5/15) to the Board of Supervisors regarding unfiled special district audits. A copy of Tipton Pixley Public Cemetery District's audit reports listed were mailed to the County on July 13, 2015.

If there are any questions regarding this response, please contact Gil Aguilar, CPA at 625-9800.

Sincerely, Jack McPhetridge 10-13-15

Jack McPhetridge, President

TULARE IRRIGATION DISTRICT

6826 Avenue 240 ◆ Tulare, California 93274 ◆ Telephone (559) 686-3425 ◆ Fax (559) 686-3673

September 30, 2015

The Honorable Judge Bret Hillman
County Civic Center, Room 303
221 S Mooney Blvd.
Visalia, CA 93291

Subject: Grand Jury Report response

Dear Judge Hillman:

This is in response to the Grand Jury Report entitled Special Districts-Audit Failures.

FINDINGS:

We agree with the Findings numbered F1, F2 and F3.

RECOMMENDATIONS:

Recommendations numbered R1 and R2 have been implemented.

All audits have been conducted and records of such audits have been filed with the County Auditor.

Sincerely,

Kathi Artis

Kathi Artis
Controller

cc: Tulare County Grand Jury

RECEIVED
10-6-2015

TULARE IRRIGATION DISTRICT

6826 Avenue 240 ◆ Tulare, California 93274 ◆ Telephone (559) 686-3425 ◆ Fax (559) 686-3673

September 30, 2015

The Honorable Judge Bret Hillman
County Civic Center, Room 303
221 S Mooney Blvd.
Visalia, CA 93291

Subject: Grand Jury Report response

Dear Judge Hillman:

This is in response to the Grand Jury Report entitled Special Districts-Audit Failures.

FINDINGS:

We agree with the Findings numbered F1, F2 and F3.

RECOMMENDATIONS:

Recommendations numbered R1 and R2 have been implemented.

All audits have been conducted and records of such audits have been filed with the County Auditor.

Sincerely,

Kathi Artis

Kathi Artis
Controller

cc: Tulare County Grand Jury

RECEIVED 10/1/2015

Tulare Regional Medical Center
Operated by Healthcare Conglomerate Associates
869 North Cherry Street, Tulare, California 93274

July 20, 2015

Tulare County Grand Jury
5963 S. Mooney Boulevard
Visalia, CA 93277
Phone: (559)624-7295
Fax: (559)733-6078

Dear Tulare County Grand Jury,

Tulare Regional Medical Center received a Grand Jury Report that has Findings and Recommendations and Responses required by our organization. In accordance with California Penal Code §933.05 Tulare Regional Medical Center has responded to the following:

FINDINGS

- I (we) agree and acknowledge the findings, numbered: F1, F2, and F3.

  F1: LAFCO intent was to create county (or area) agencies that could bring order and planning into overlapping jurisdictional and service boundaries that were becoming common circa 1963

  F2: During its research of independent special districts, the Grand Jury learned that reviews and investigations of special districts are not uncommon.

  F3: Many special districts are not complying with State mandated annual audits conducted by the County Auditor or a Certified Public Accountant.

RECOMMENDATIONS

- Recommendations numbered R1 and R2 have been implemented.

  R1: Tulare County Special Districts are required to comply with minimum auditing requirements as set forth by the State Controller. Records of such audits are to be filed with the County Auditor as further required by CGC 26909

  R2: Tulare County Special Districts should undertake an audit conducted by the County Auditor or a Certified Public Accountant/Public Accountant:

  a. Have sufficient Knowledge and training to enable compliance with both generally accepted auditing standards and generally accepted government auditing standards.
  b. Have a thorough knowledge of the fundamental principles of governmental accounting, including both fund accounting and enterprise accounting.
  c. Comply with Government Auditing Standards as promulgated by the United States General Accounting Office when applicable (e.g., Single Audit Act, required by agreement of contract, etc.).

Alan Germany
Chief Financial Officer/Chief Operations Officer
Tulare Regional Medical Center

Date: 7/20/15

Signed: _____

Number of pages attached 11.

RECEIVED 7-23-2015

Lauren Rosen

From: Virginia Parra <VParra@co.tulare.ca.us>
Sent: Monday, June 15, 2015 5:02 PM
To: Lauren Rosen
Subject: RE: Tulare Local Healthcare District audit report July 1, 2012-June 30, 2013

Follow Up Flag: Follow up
Flag Status: Flagged

As of now all audit reports have been submitted. You have until 6/30/2016 to submit the report for 2014/2015. If you decide to email that report please CC CAFR@co.tulare.ca.us in case I am away from the office.

Thank you so much,

Virginia Parra
Accountant Auditor I
Phone: 559-636-5207

>>> Lauren Rosen <lrosen@teamhcca.com> 6/15/2015 4:56 PM >>>
Thank you! Please let me know if we are missing anything else. As soon as our next Audit Report for 2014/2015 is completed I will send it your way. Thanks again.

-----Original Message-----
From: Virginia Parra [mailto:VParra@co.tulare.ca.us]
Sent: Monday, June 15, 2015 4:51 PM
To: Lauren Rosen
Subject: Re: Tulare Local Healthcare District audit report July 1, 2012-June 30, 2013

Lauren ,

Thank you!

Virginia Parra
Accountant Auditor I
Phone: 559-636-5207

>>> Lauren Rosen <lrosen@teamhcca.com> 6/15/2015 4:38 PM >>>
Please review the attached audit report for Tulare Local Healthcare District for period July 1, 2012- June 30, 2013

Thank you.

Lauren Rosen Fishback
Administration
[Description: TRMCHCCAsignature]
Tel: 559.685-3462* Fax: 559.685.3835* 869 N. Cherry Street, Tulare CA
93274

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VETERANS
MEMORIAL BUILDING
ARMY NAVY AIRFORCE MARINES COAST GUARD
For All Who Have Served

July 28, 2015

Honorable Bret Hillman
Superior Court Judge
221 S. Mooney Blvd.
Visalia, CA 93291

Tulare County Grand Jury
5963 S. Mooney Blvd.
Visalia, CA 93277

Re: Visalia Memorial District Response to Grand Jury Report

In response to the findings in the 2014-2015 report on Special District Audit Failures, the Visalia Memorial District responds as follows:

1) The Visalia Memorial District agrees with the findings.

2) The Visalia Memorial District has retained the CPA firm of Pine, Pedroncelli & Aguilar, Inc. to audit the years of 2013/2014 and 2014/2015. The Visalia Memorial District is working to improve its accountability and duty to comply with all laws and regulations required for special districts to better serve the people of our district.

Dennis Sirkin
Board Chairman
Visalia Memorial District

RECEIVED
8-6-2015

609 W Center St. Visalia, Ca. 93291 Ph. (559) 732-1613 Fax (559) 713-6417

Woodlake Veterans Memorial District
P.O. Box 725
Woodlake, CA 93286

June 8, 2015

Tulare County Grand Jury
5963 S. Mooney Blvd.
Visalia, Ca 93277

Members of the Grand Jury:

The audit for Woodlake Veterans Memorial District has been completed and turned into the County.

Respectfully,

Viola Faubel

Viola Faubel,
President

A SEE NEXT PAGE FOR RESPONSE.

RECEIVED
6-12-2015

SAMPLE RESPONSE & INSTRUCTIONS

If you receive a Grand Jury Report that has **Findings** and **Recommendations** and Responses Required by your Agency, you must follow the instructions on the letter in accordance with California Penal Code §933.05:

Depending on the type of respondent you are, a written response is required as follows:

a. If you are a **Public Agency**: The governing body of any public agency that is required to respond must do so within ninety (90) days from the date the report was approved by the Presiding Judge. .
b. If you are an **Elective Officer or Agency Head**: All elected officers or heads of agencies that are required to respond must do so within sixty (60) days from the date the report was approved by the Presiding Judge.

FINDINGS

- I (we) agree with the findings, numbered: F1; F2; F3
- I (we) disagree wholly or partially with the findings, numbered: _____.
  (Describe here or attach a statement specifying any portions of the findings that are disputed or not applicable; include an explanation of the reasons therefore.)

RECOMMENDATIONS

- Recommendations numbered R1; R2 have been implemented.
  (Describe here or attach a summary statement regarding the implemented actions.) complete & sent to County
- Recommendations numbered _____ have not yet been implemented, but will be implemented in the future.
  (Per Penal Code 933.05(b)(2), a time frame for implementation must be included. Describe here or in an attachment.)
- Recommendations numbered _____ require further analysis.
  (Describe here or attach an explanation and the scope and parameters of an analysis or study, and a timeframe for the matter to be prepared for discussion by the officer or director of the agency or department being investigated or reviewed, including the governing body of the public agency when applicable. This timeframe shall not exceed six (6(months from the date of publication of the grand jury report.)
- Recommendations numbered _____ will not be implemented because they are not warranted or are not reasonable.
  (Describe here or attach an explanation.)

Date: 8-31-15

Signed: Viola Taubel, President

Number of pages attached 0.

Woodlake Veterans Memorial District

RECEIVED 9/4/2015

P.O. Box 725
Woodlake, Ca 93286

LAFCO

TULARE COUNTY
LOCAL AGENCY FORMATION COMMISSION

210 N. Church St., Suite B, Visalia, CA 93291 Phone: (559) 623-0450 FAX: (559) 733-6720

June 10, 2015

TO: The Honorable Judge Bret Hillman
Tulare County Grand Jury
Tulare County Board of Supervisors

FROM: Tulare County Local Agency Formation Commission (LAFCo)

SUBJECT: Tulare County Grand Jury Report: "Special Districts-Audit Failures"

On May 12th, 2015 the Tulare County Grand Jury provided a report to Tulare County LAFCo titled "Special Districts-Audit Failures". The Grand Jury, pursuant to California Penal Code §933(c) required a response from Tulare County LAFCo by July 6th, 2015. Tulare County LAFCo reviewed the Grand Jury report at its June 10th, 2015 meeting. The following are LAFCo's responses:

F1. LAFCO intent was to create county (or area) agencies that could bring order and planning into overlapping jurisdictional and service boundaries that were becoming common circa 1963.

Tulare County LAFCo partially agrees with this finding. The finding could be better phrased as "State intent was to create LAFCOs that could bring order and planning into overlapping jurisdictional and service boundaries that were becoming common circa 1963". In addition, this is one aspect of the State's intent in creating LAFCOs. The complete legislative findings, declarations and State interests regarding LAFCOs are contained in Government Code (GC) §56001.

F2. During its research of independent special districts, the Grand Jury learned that reviews and investigations of special districts are not uncommon.

Tulare County LAFCo agrees with this finding in that many special districts are subject to Municipal Service Reviews by LAFCo and several special districts have been a subject of Grand Jury reports in the past.

F3. Many special districts are not complying with State mandated annual audits conducted by the County Auditor or a Certified Public Accountant.

Tulare County LAFCo agrees with this finding based on the County Auditor's report (dated 3/5/2015) to the Board of Supervisors regarding unfiled special district audits.

R1. Tulare County Special Districts are required to comply with minimum auditing requirements as set forth by the State Controller. Records of such audits are to be filed with the County Auditor as further required by CGC §26909.

Tulare County LAFCo agrees with this finding.

R2. Tulare County Special Districts should undertake an audit conducted by the County Auditor or a Certified Public Accountant/public accountant:

a. Have sufficient knowledge and training to enable compliance with both generally accepted auditing standards and generally accepted government auditing standards.
b. Have a thorough knowledge of the fundamental principles of governmental accounting, including both fund accounting and enterprise accounting.
c. Comply with Government Auditing Standards as promulgated by the United States General Accounting Office when applicable (e.g., Single Audit Act, required by agreement or contract, etc.)

Tulare County LAFCo substantially agrees with this finding. Under limited circumstances, GC §26909(c) allows for a financial review rather than an audit.

If there are any questions regarding this response, please contact me at 623-0450 or bgiuliani@tularecog.org.

Sincerely,

Ben Giuliani
Executive Officer
Tulare County Local Agency Formation Commission

Cc: Identified districts that have not filed their audit reports with the County