



Contra  
Costa  
County

To: Board of Supervisors  
From: Robert Campbell, Auditor-Controller  
Date: September 19, 2017

Subject: Authorization to change fiscal year 2016-17 annual audit requirement for Castle Rock County Water District

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**RECOMMENDATION(S):**

AUTHORIZE the Castle Rock County Water District to submit an annual financial compilation, in lieu of the required annual audit, to the County's Office of the Auditor-Controller for fiscal year 2016-17 at the recommendation of the Auditor-Controller and in accordance with the provisions of Government Code Section 26909.

**FISCAL IMPACT:**

There is no fiscal impact to Contra Costa County.

**BACKGROUND:**

Government Code Section 26909(d) states:

(1) A special district may, by annual unanimous request of the governing board of the special district and with annual unanimous approval of the board of supervisors, replace the annual audit required by this section with an annual financial compilation of the special district to be performed by the county auditor in accordance with professional standards, if all of the following conditions are met:

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY  
ADMINISTRATOR

☐ RECOMMENDATION OF BOARD  
COMMITTEE

Action of Board On: **09/19/2017** ☒ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

**VOTE OF SUPERVISORS**

AYE: John Gioia, District I Supervisor  
Candace Andersen, District II Supervisor  
Diane Burgis, District III Supervisor  
Karen Mitchoff, District IV Supervisor  
Federal D. Glover, District V Supervisor

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: September 19, 2017

David Twa, County Administrator and Clerk of the Board of Supervisors

By: Stephanie Mello, Deputy

Contact: Joanne Bohren,  
925-335-8640

cc:



BACKGROUND: (CONT'D)

(A) All of the special district's revenues and expenditures are transacted through the county's financial system.

(B) The special district's annual revenues do not exceed one hundred fifty thousand dollars (\$150,000).

(C) The special district will pay for any costs incurred by the county auditor in performing a financial compilation. Those costs shall be charged against any unencumbered funds of the district available for that purpose.

(2) A special district shall not replace an annual audit required by this section with an annual financial compilation of the special district pursuant to paragraph (1) for more than five consecutive years...

The Castle Rock County Water District (District) provides untreated water to the rural residential Walnut Creek area for domestic use, landscape irrigation, and commercial horse stables. The District maintains its funds in the County Treasury and records receipts, revenues, and disbursements in the County's Finance System. The District's annual receipts and revenues do not exceed one hundred fifty thousand dollars (\$150,000). The District has been in contact with a certified public accountant to perform an annual financial compilation for fiscal year 2016-17 to begin after approval of the Board of Supervisors.

CONSEQUENCE OF NEGATIVE ACTION:

The Castle Rock County Water District does not have the funds to continue to have annual audits conducted and will become out of compliance with Government Code Section 26909.