

FLORIN COUNTY WATER DISTRICT

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Finding #1 response: Elected district directors have varied backgrounds, which may not include financial or accounting training. The Florin County Water District relies on monthly financial reports provided by the District staff, which includes the listing of disbursements to be approved by the Board and any transfers of cash to or from the District's local agency investment fund, as well as the audit reports to ensure that the District operation is fiscally sound.

Recommendation 1a response: Noted. All District policies are available to the auditor as described in the management representation letter.

Recommendation 1b response: The District's auditor submits the annual audit report to the heard of the internal audit function for Sacramento County.

Recommendation 1c response: Noted. The District currently performs all required audits.

Recommendation 1d response: Noted. Per Government Code Section 53891, the District completes an annual financial transaction report in a forma acceptable to the State based on the audited financial numbers. Per Government Code Section 26909, a copy of the independent audit is filed with the Controller within 12 months after the close of the fiscal year.

Recommendation 2 response: Water districts are not subject to rules of the RIS code that govern income recognition. Water districts, since they are government entities, are subject to the basis of accounting prescribed by the Government Accounting Standards Board, and the District's auditor reports based on these standards. The auditor verifies that the District Board approved not only payments to management, but all cash disbursements tested during the audit, and that the District maintains financial records for a minimum of five years, depending on the type of records.

Recommendation 3 response: Noted. The District does not have a policy for rotating audit firms. The District has, however, used four different firms in the past 10 years.

Recommendation 4 response: Noted. The District makes financial information available to the public in accordance with the Brown Act. Given the limited size, budget, and staff available to the District, web-based reporting may not be practical.

Recommendation 5 response: Concur. The District, however, has not had a rate increase in over ten years.

Finding #2 response: Noted. The District's board members do not have credit cards, and travel reimbursements for the board are rare. The District's auditors in prior audits or during the current audit have noted no abuses of travel, such as those noted in the finding.

Recommendation 2a response: Noted. See previous response.

Recommendation 2b response: Noted. See previous response.

Finding #3 response: Noted.

Recommendation 3 response: Concur.