

**MEMORANDUM
OFFICE OF THE
AUDITOR-CONTROLLER
COUNTY OF PLACER**

TO: Board of Supervisors
FROM: Andrew C. Sisk, Auditor-Controller *ACS*
DATE: June 02, 2015
SUBJECT: State Mandated Audit

ACTION REQUESTED/RECOMMENDATION

Approve the use of a five-year audit for the American River Authority in lieu of an annual audit, for the period of July 1, 2013 through June 30, 2018 at no net County cost.

BACKGROUND:

The American River Authority (Authority) is a joint powers authority comprised of five member agencies: Placer County, El Dorado County, Placer County Water Agency, El Dorado County Water Agency and San Joaquin County. The purpose of the Authority is to provide for the joint exercise, through the Authority of powers common to each of the parties to study, develop, design, finance, acquire, construct, operate, maintain and replace dams, reservoirs, tunnels, conduits, hydroelectric facilities, and any and all work related and incidental thereto, in order to divert, store distribute and sell water, and to generate, transmit consume and sell hydroelectric power incidental thereto. In addition, the Authority extended its powers to include the protection, preservation, and perfection of rights belonging to the member entities to use the waters of the American River and tributaries for the benefit of the lands and inhabitants of the parties.

Pursuant to Government Code Section 6505 (b), "the public officer performing the functions of auditor as determined pursuant to Section 6505.5, shall either make or contract with a certified public accountant to make an annual audit of the accounts and records and shall meet the minimum requirements prescribed by the Controller for special districts under Section 26909 and shall conform to generally accepted auditing standards."

California Government Code Section 26909 specifies that "a special district may by unanimous request of the governing board of the special district, with unanimous approval of the board of supervisors, replace the annual audit with an audit conducted at specific intervals, as recommended by the County auditor, that shall be completed at least once every five years."

Pursuant to the requirements above and per the attached resolution of the Authority's Board, the Auditor-Controller recommends the use of a five-year audit covering five year periods beginning July 1, 2013 through June 30, 2018.

FISCAL IMPACT

This action has no fiscal impact to the County. The cost to conduct the five-year audit of the Authority will be borne by the Authority.

ATTACHMENT

American River Authority Board's Resolution

RESOLUTION 2014- 01 OF THE BOARD OF DIRECTORS OF THE
AMERICAN RIVER AUTHORITY ADOPTING AMENDMENT NO. 5
OF THE AMERICAN RIVER AUTHORITY JOINT POWERS AGREEMENT

The California Government Code requires that special districts, including Joint Powers Authorities, have the County Controller or Auditor annually audit the special district's accounts. An annual audit of American River Authority (ARA) accounts must be conducted pursuant to Section 4.02(d) of ARA's Joint Powers Agreement.

Annual audits are expensive Compared to the size of ARA's existing accounts, its limited revenues, and its very limited activity level.

The Government Code Section 26909(b)(2) allows and exception to the annual audit requirement by allowing an audit covering a five-year period, if the special district's annual revenues do not exceed an amount specified. The proposed Amendment No. 5 utilizes the exception and sets the not to exceed level of revenues or expenditures at \$20,000.

This step to reduce the costs of required audits is a measure consistent with the JPA's current activity level while JPA remains a viable entity in place to protect its members' interests in the American River watershed and in view of the fact that the Auburn Dam Project remains as a federally-authorized project.

The Board of Directors of the American River Authority:

Approves and adopts Amendment No. 5 of the American River Authority Joint Powers Agreement attached as Exhibit A.

The foregoing resolution was duly passed at the June 9, 2014, meeting of the Board of Directors of the American River Authority by the following roll call vote:

AYES: Robert Dugan, Jennifer Montgomery, Ken Vogel, Vice-Chair Ken Yorde, Brian Veerkamp

NOES: None

ABSENT: Chair Ron Briggs

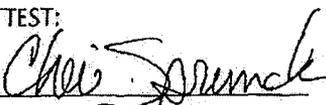
ABSTAIN: None

Signed and approved by me after its passage this 9th day of June 2014.



Ken Yorde
Vice-Chairman, Board of Directors
American River Authority

ATTEST:



Chair, Board of Directors

Exhibit A

AMENDMENT NO. 5

JOINT POWERS AGREEMENT

AMERICAN RIVER AUTHORITY

This Amendment No. 5 to the American River Authority Joint Powers Agreement is made and entered into this 9th day of June, 2014, pursuant to the Joint Exercise of Powers Act, by and between Placer County, El Dorado County, Placer County Water Agency, El Dorado County Water Agency and San Joaquin County. These public entities are hereinafter collectively referred to as the "parties" or "member entities."

1. On June 8, 1982, the parties entered into the Joint Powers Agreement, American River Authority; on July 20, 1982, they entered into Amendment No. 1 to that Agreement; on July 25, 1989, they entered into Amendment No. 2 to that Agreement; on November 14, 1995, they entered into Amendment No. 3 to that Agreement; and on April 7, 1998, they entered into Amendment No. 4 of that Agreement.

2. The parties now wish to further amend the Joint Powers Agreement by modifying the requirements for financial reporting of the American River Authority.

NOW, THEREFORE, IT IS MUTUALLY AGREED THAT THE FOLLOWING CHANGES AND ADDITIONS ARE HEREBY MADE TO THE JOINT POWERS AGREEMENT, AMERICAN RIVER AUTHORITY:

1. Subsection 4.02(d) is amended to read as follows:

Subsection 4.02(d). All funds of the Authority shall be strictly, and separately, accounted for; and regular reports shall be rendered of all receipts and disbursements, at least quarterly during the fiscal year. The books and records of the authority shall be open to inspection by the member entities, and by bondholders as and to the extent provided by resolution or indenture. The Auditor/Controller shall either make or contract with a certified public accountant or public accountant to conduct an audit of the accounts and records of the authority, which shall be conducted, at a minimum, in accordance with the requirements of the State Controller under Section 26909 of the California Government Code, and shall conform to generally accepted auditing standards.

Exhibit A

The audit pursuant to this Subsection shall be conducted on a schedule in conformance with the provisions of California Government Code subsection 26909(b)(2), which allows, in lieu of an annual audit, an audit covering a five year period if the Authority's annual revenues or expenditures do not exceed an amount specified by the members' Board of Supervisors, which amount is hereby specified as \$20,000.

IN WITNESS WHEREOF, the parties have executed this Amendment No.5 to the American River Authority Joint Powers Agreement to be effective on the date first above written.

PLACER COUNTY

PLACER COUNTY WATER AGENCY

By _____
Chair

By _____
Chair

ATTEST:

ATTEST:

Clerk

Secretary

EL DORADO COUNTY

EL DORADO COUNTY WATER AGENCY

By _____
Chair

By _____
Chair

ATTEST:

ATTEST:

Clerk

Secretary

SAN JOAQUIN COUNTY

By _____
Chair

ATTEST:

Clerk

11

