



**2011–2012
Madera County Grand Jury
Final Report
Special Districts Accounting**

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Introduction:

Within the County Auditor-Controller Department (Auditor), the accounting functions for more than 100 special districts and service areas (districts) in the county are performed. Separate accounts are maintained and revenues are estimated for each district. The department operates with a staff of 12.

Acting as the Board of Directors for each district, the Board of Supervisors (BoS) reviews and approves the assessments and service charges for the districts as required by Madera County Code Section 13.89.010(b). The following factors are used in determining the utility rates:

- reserve for planned and unplanned repair expenses;
- capital improvement project(s);
- number of connections;
- age and condition of the system;
- the demands placed on the system; and
- revenue collected from the customers in the district.

In its review of the accounting functions for the special districts, the Grand Jury interviewed staff of the Auditor and County Engineering Special Districts Division.

Findings:

1. The Grand Jury found that the Auditor does not provide the districts with timely accounting of revenue which is required in the calculation of the utility rates.
2. The Grand Jury found that there are multiple billing cycles for the districts.
 - a. One district is billed annually.
 - b. Three districts are billed monthly.
 - c. The balance of the districts is billed quarterly.
3. The Grand Jury found that there are approximately one half million dollars in unpaid utility bills.
4. The Grand Jury found that approximately 6% of the accounts are delinquent.
 - a. Delinquent accounts are included on the annual property tax bill.
 - b. There is no financial penalty or service cut-off policy for non-payment.
5. The Grand Jury found that the current utility billing and accounting software is inadequate and does not meet the needs of the Auditor or the districts.

Conclusions:

1. The Grand Jury concluded that staffing, procedures, and outdated software are the causes of the Auditor's inability to respond to the needs of the districts.
2. The Grand Jury concluded that timely reporting of revenues directly impacts the calculation of customer's utility rates.

Recommendations:

1. The Grand Jury recommends that the County replace the outdated utility billing and accounting software.
2. The Grand Jury recommends that the County develop billing policies which:
 - a. standardize the billing cycles;
 - b. impose late payment penalties; and
 - c. provide for service cut-off for non-payment.

Respondents: written response required pursuant to PC 933(c)

Madera County Board of Supervisors
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Madera County Auditor-Controller
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Informational: response optional

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Resource Management Agency
County Engineer
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County Engineering Department
Special Districts Division Manager
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