

INTEROFFICE MEMO



COUNTY OF SAN BERNARDINO

DATE: March 3, 2011

PHONE: 386-8822

FROM: MARK COUSINEAU
Chief Deputy Auditor
Auditor-Controller/Treasurer/Tax Collector

TO: JEFFREY O. RIGNEY
Director
Special Districts Department

SUBJECT: SPECIAL DISTRICTS' PERIOD 13 ADJUSTING JOURNAL ENTRIES

We have reviewed Special Districts' period 13 adjusting journal entries for fiscal year 2010 for the purpose of determining whether adjustments should have been made as a part of the Year-End Closing process submitted to the General Accounting Section of the Auditor-Controller/Treasurer/Tax Collector in Period 12.

The Special Districts Department has demonstrated major improvements in the area of missed accruals. This has increased the usefulness of financial information for management decision purposes and financial reporting.

Our review noted only one journal voucher that should have been included in the accrual package submitted to the General Accounting Section of the Auditor-Controller/Treasurer/Tax Collector as part of the fiscal year-end closing process. The journal voucher increased Accounts Payable by \$49,992.63 for expenses/expenditures related to Structures & Improvements, Improvements to Land, and Fuel. For budgetary purposes, expenses/expenditures were understated and fund balance overstated as a result.

Although we noted the external auditors adjusted Accounts Receivable once actual amounts were known, the Accounts Receivable estimate submitted to General Accounting as part of the period 12 accrual entries was appropriate. The methodology used for the estimate of Accounts Receivable is reasonable.

To ensure accurate, timely, and reliable reporting, we recommend for the Special Districts Department to focus on invoices for which goods and services were provided prior to fiscal year-end (if invoices are not available, then estimates should be obtained) to ensure all appropriate year-end accruals are being made and included in the year-end accrual package.

Please contact me if you have any questions.