



JEFFERY M. WOLTKAMP, CPA  
**AUDITOR-CONTROLLER**  
SAN JOAQUIN COUNTY



ASSISTANT AUDITOR-CONTROLLER  
Tod Hill

CHIEF DEPUTIES  
Randipa Gauba – Accounting  
Janice McCutcheon, CPA – Internal Audit  
Lori Roller – Payroll  
Stanley Lawrence – Property Tax

June 26, 2023

Honorable Michael D. Coughlan, Presiding Judge  
San Joaquin County Superior Court  
180 E Weber Avenue, Suite 1306J  
Stockton, CA 95202

Dear Judge Coughlan,

Please find below responses from the Auditor-Controller's Office to findings and recommendations made by the 2022-23 San Joaquin County Grand Jury regarding "The Eastern San Joaquin Groundwater Authority: A Rubik's Cube of Water Management (Case #0622)", pages 24-25 of the aforementioned 2022-23 San Joaquin County Civil Grand Jury Report.

**Finding**

**F2.2.3** The Eastern San Joaquin Groundwater Authority is included in the annual San Joaquin County independent audit, but the audited fund balance differs from the fund balance report, calling into question the data included in the reported financials.

**Recommendation**

**R2.2.3** By November 1, 2023, the County Auditor-Controller's Office explain the difference between the County annual audits and the #21451 fund reports and make the explanation available to the public.

**Response to Recommendation R2.2.3**

The Auditor-Controller's Office (ACO) offers the following explanation for the differences indicated in the recommendation. The fund reports for fund #21451 that are produced monthly by the ACO are presented on the cash basis of accounting, in accordance with budgetary accounting principles. Amounts presented in annual audited financial statements are presented on a modified-accrual basis of accounting, in accordance with Governmental Accounting Standards issued by the Governmental Accounting Standards Board (GASB). The cash basis of accounting records revenues and expenses when actual cash is received or disbursed, whereas the modified-accrual basis of accounting recognizes revenues when earned and expenses when incurred, regardless of whether or not the actual cash has been received or disbursed.

The ACO will provide a disclaimer/statement on their public report portal to identify the monthly reports as being prepared on the cash basis of accounting.

## **Finding**

**F2.2.4** The independent auditor lists and discusses the Eastern San Joaquin Groundwater Authority in the “Summary of Significant Accounting Policies.” The balance sheet column heading listing the previous Ground Water Banking Authority (GBA) is incorrect, lessening public confidence in the audit.

## **Recommendation**

**R2.2.4** By November 1, 2023, the County Auditor-Controller’s Office review the County independent audit balance sheets column header and the description narrative to confirm Eastern San Joaquin Groundwater Authority as the entity audited and use the correct name in future independent audit balance sheets.

## **Response to Recommendation R2.2.4**

The ACO concurs with the recommendation. The word “Banking” was incorrectly included in the column header for amounts presented for the Eastern San Joaquin Groundwater Authority and will be removed from future independent audited statements.

The ACO would like to commend the members of the San Joaquin County Civil Grand Jury for their ongoing efforts toward ensuring transparency and accountability of governmental entities in our County. We are, however, disappointed that a simple request for explanation was not made directly of our office with regard to finding F2.2.3. In our opinion, the finding could have been satisfactorily addressed before appearing in the final report.

Sincerely,



Jeffery M. Woltkamp, CPA

San Joaquin County Auditor-Controller