



#### **DISTRICT CONFORMANCE WITH PRINCIPAL ACT**

##### **Examples**

- District is governed by a board of directors per its Principal Act
- Board elections are conducted on a regular basis
- Board meets regularly and meetings are noticed per the Brown Act

##### **Conditions of interest to LAFCo**

- Board elections are regularly replaced by appointments by the district board or county board of supervisors
- Board does not meet regularly
- There is no board of directors
- There is ineffective communication from District to LAFCo, County Elections, Clerk to the Board, and other agencies
- District has been the subject of ongoing regulatory body investigations which have resulted in consistent findings of mismanagement
- District has experienced a vote of no confidence from other entities, or citizens
- District has unusually high employee turnover

#### **DISTRICT COLLECTS SUFFICIENT REVENUE**

##### **Examples**

- District adopts a balance annual budget that balances expenses with revenue
- District collects appropriate rates and fees from customers
- All users of district facilities and/or services are charged adopted rate/fee
- Rates are adjusted to account for expenses
- Receipts are prepared for all cash
- District has reserve funds of 15-20% of net operating expenses
- Regular audits are performed

**Conditions of interest to LAFCo**

- District has not adopted an annual budget
- District does not charge all users rates/fees
- Expenses regularly exceed revenue
- County Elections expenses are not repaid in a timely manner
- District has no reserve funds or annual budget projects depletion of reserve
- District has borrowed money to meet operating expenses
- District reserve exceeds 20% of net operating expense
- District is unable to finance projects that are critical to its mission
- No recent financial audit or District received an unfavorable audit and management letter

**DISTRICT PROVIDES AN ACCEPTABLE LEVEL OF SERVICE(S)**

**Examples**

- Services provided are consistent with the District's Principal Act and as authorized by LAFCo
- Services requiring a permit to operate by a state or federal agency
- Expenses to provide service are comparable to similar districts
- Annual budget supports the acceptable level of service

**Conditions of interest to LAFCo**

- Services are not delivered
- Lack of trained or competent staff
- Expenses to provide service exceed similar districts

**DISTRICT OPERATES IN A TRANSPARENT AND PUBLIC MANNER**

**Examples**

- Board meetings are publically noticed
- Board meetings are conducted pursuant to the Brown Act

**Conditions of interest to LAFCo**

- Notice of board meetings is not consistently proper
- Agendas are unclear or incorrect
- Board meetings are not conducted under rules of order
- Increase of claims or litigation