



JOHN CHIANG
California State Controller
Division of Accounting and Reporting

October 7, 2013

Ms. Heather Halsey
Executive Director
Commission on State Mandates
980 Ninth Street, Suite 300
Sacramento, CA 95814

Re: **Request for Additional Information Regarding Whether the Claimants are Eligible to Claim Reimbursement under Article XIII B, Section 6 and to Show Cause Why These Test Claims Should Not Be Dismissed**

Water Conservation Act of 2009, 10-TC-12
Water Code Sections 10608 et seq.; 10800 et seq.;
Statutes 2009, 7th Extraordinary Session, Chapter 4;
South Feather Water and Power Agency, Paradise Irrigation District, Richvale Irrigation District, and Biggs-West Gridley Water District, Claimants

Consolidated with:

Agricultural Water Measurement, 12-TC-01
California Code of Regulations, Title 23, Section 597 et seq.;
Register 2012, No 28;
Richvale Irrigation District and Biggs-West Gridley Water District, Claimants

Dear Ms. Halsey:

This letter is in response to the Commission on State Mandates (commission) letter dated August 22, 2013. The commission seeks further briefing with respect to Paradise Irrigation District, Richvale Irrigation District, South Feather Water and Power Agency, and Biggs-West Gridley Water District on the following:

1. *Does each of the remaining three Districts (Paradise, Richvale, and South Feather) receive proceeds of taxes, as defined in article XIII B, section 6?*

SCO response: The Butte County Auditor-Controller has confirmed for fiscal years 2010-11, 2011-12, and 2012-13, the following:

Received proceeds of taxes

- Paradise Irrigation District

- South Feather Water and Power Agency

Did not receive proceeds of taxes

- Richvale Irrigation District
- Biggs-West Gridley Water District

2. *Were the District's revenues accurately reported to the Controller in accordance with law, and if so, why are the revenues in question not subject to the appropriations limit, as indicated in Table 1 of the Annual Report?*

SCO response: The Special District Annual Report is a compilation of financial data provided by county auditors and special district officials. Government Code section 12463 requires the annual appropriations limit to be reported in the financial transactions report submitted to the SCO. However, California Constitution Article XIII B section 9 exempts some special districts from being subject to the annual appropriations limit. SCO has the responsibility to review each report for reasonableness, yet we are not required to audit any of the data reported. Therefore, we are unable to determine which special district is subject to report an annual appropriations limit.

The following summarizes the revenue and appropriations data reported to SCO for fiscal years 2010-11, 2011-12, and 2012-13:

Reported tax revenues

- Paradise Irrigation District
- South Feather Water and Power Agency

Did not report tax revenues

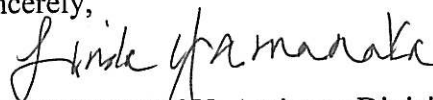
- Richvale Irrigation District
- Biggs-West Gridley Water District
 - Did not file a financial transaction report for 2010-11

All four (4) agencies did not report an appropriations limit.

Government Code section 7910 requires each local government entity to annually establish its appropriations limit by resolution of its governing board. As a result, each district should have a record of its resolution and be able to provide proof of their appropriations limit for reimbursement.

If you have any questions on this matter, please contact Teresa Austin at (916) 323-2372.

Sincerely,



JILL KANEMASU, Assistant Division Chief
Division of Accounting and Reporting

