



Board Agenda Item 22

DATE: June 6, 2023

TO: Board of Supervisors

SUBMITTED BY: Oscar J. Garcia, CPA, Auditor-Controller/Treasurer-Tax Collector

SUBJECT: Establishment of an Annual Financial Review for West Fresno County Red Scale Protective District

RECOMMENDED ACTION(S):

Adopt resolution authorizing the West Fresno County Red Scale Protective District (the “District”) to replace its annual audit with an annual financial review. A unanimous vote is required under Government Code, § 26909, subdivision (c).

Approval of the recommended action will authorize the West Fresno County Red Scale Protective District to replace its current annual audit with an annual financial review. Such approval will result in a reduction in audit costs for the District, as the cost of a financial review is substantially less than that of an audit.

ALTERNATIVE ACTION(S):

If the recommended action is not approved, the West Fresno County Red Scale Protective District will not be able to replace its annual audit with an annual financial review. This will result in the District not being able to reduce its audit costs.

FISCAL IMPACT:

There is no fiscal impact to the County of Fresno.

DISCUSSION:

Government Code section 26909, subdivision (c)(1), allows a special district to replace the annual audit required by this section with a financial review, if certain requirements are met. This code section requires a unanimous request of the special district’s governing board and unanimous approval of the Board of Supervisors to implement a financial review. Approval of the resolution will result in reduced audit costs to the District.

The requirements for a special district to replace its annual audit with a financial review are: (1) that all of the district’s revenues and transactions are transacted through the County’s financial system; and (2) that the district’s annual revenues do not exceed \$150,000. The District meets both of those requirements.

The Auditor-Controller/Treasurer-Tax Collector recommends approval of the resolution to replace the annual audit with an annual financial review. The District’s Board of Directors approved such resolution unanimously on January 11, 2023.

Under Government Code section 26909, subdivision (a)(2)(B)(ii), the District’s financial review report will

need to be filed with the State Controller, the Auditor-Controller/Treasurer-Tax Collector, and the Local Agency Formation Commission. Under Government Code section 26909, subdivision (f), upon receipt of each financial review from the District, the Auditor-Controller/Treasurer-Tax Collector may, with proper notice to the District's board and to the Board of Supervisors, appoint a certified public accountant to conduct an audit of the District.

ATTACHMENTS INCLUDED AND/OR ON FILE:

Resolution - West Fresno County Red Scale Protective District

CAO ANALYST:

Greg Reinke