

THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS  
ACTION AGENDA SUMMARY

DEPT: Auditor-Controller

BOARD AGENDA # \*B-2

Urgent

Routine

AGENDA DATE March 16, 2010

CEO Concurs with Recommendation YES  NO   
(Information Attached)

4/5 Vote Required YES  NO   
Unanimous vote required.

SUBJECT:

Approval to Modify the West Stanislaus Resource Conservation District Reporting Requirement from an Annual to a Biennial Audit

STAFF RECOMMENDATIONS:

Approve modification by unanimous vote of the West Stanislaus Resource Conservation District's required financial audit from an annual to a biennial audit.

FISCAL IMPACT:

There is no fiscal impact to the County to grant this request. Charles Strand CPA firm is approximating the savings to be approximately \$1,500 for the change from a yearly audit to a biennial audit.

BOARD ACTION AS FOLLOWS:

No. 2010-125

On motion of Supervisor O'Brien, Seconded by Supervisor Monteith  
and approved by the following vote,

Ayes: Supervisors: O'Brien, Chiesa, Monteith, DeMartini, and Chairman Grover

Noes: Supervisors: None

Excused or Absent: Supervisors: None

Abstaining: Supervisor: None

1)  Approved as recommended

2)  Denied

3)  Approved as amended

4)  Other:

MOTION:

Christine Ferraro

ATTEST: CHRISTINE FERRARO TALLMAN, Clerk

Approval to Modify the West Stanislaus Resource Conservation District Reporting Requirement from an Annual to a Biennial Audit  
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DISCUSSION:

We have received correspondence from West Stanislaus Resource Conservation District formally requesting approval of an audit frequency of every two years. Subject to this approval, the District will be contracting with an accounting firm to perform an audit for a two-year period ending June 30, 2010.

Government Code Section 26909 provides that a Special District may, by unanimous request of the governing board of the District, with unanimous approval of the Board of Supervisors, replace the annual audit required by this section with a biennial audit covering a two-year period.

The annual revenue for the West Stanislaus Resource Conservation District is less than \$100,000. The cost of the mandated audit represents a significant budgetary expense to the District.

POLICY ISSUES:

This action is consistent with the Board's priority of Multi-jurisdictional cooperation and promoting efficient government operations.

STAFFING IMPACT:

There are no staffing impacts associated with this agenda item.

CONTACT PERSON:

Theresa Borrelli, Accountant III. Telephone: 525-5786

26909. (a) (1) The county auditor shall either make or contract with a certified public accountant or public accountant to make an annual audit of the accounts and records of every special district within the county for which an audit by a certified public accountant or public accountant is not otherwise provided. In each case, the minimum requirements of the audit shall be prescribed by the Controller and shall conform to generally accepted auditing standards.

(2) Where an audit of a special district's accounts and records is made by a certified public accountant or public accountant, the minimum requirements of the audit shall be prescribed by the Controller and shall conform to generally accepted auditing standards, and a report thereof shall be filed with the Controller and with the county auditor of the county in which the special district is located. The report shall be filed within 12 months of the end of the fiscal year or years under examination.

(3) Any costs incurred by the county auditor, including contracts with, or employment of, certified public accountants or public accountants, in making an audit of every special district pursuant to this section shall be borne by the special district and shall be a charge against any unencumbered funds of the district available for the purpose.

(4) For a special district that is located in two or more counties, the provisions of this subdivision shall apply to the auditor of the county in which the treasury is located.

(5) The county controller, or ex officio county controller, shall effect this section in those counties having a county controller, or ex officio county controller.

(b) A special district may, by unanimous request of the governing board of the special district, with unanimous approval of the board of supervisors, replace the annual audit required by this section with one of the following, performed in accordance with professional standards, as determined by the county auditor:

(1) A biennial audit covering a two-year period.

(2) An audit covering a five-year period, if the special district's annual revenues do not exceed an amount specified by the board of supervisors.

(3) An audit conducted at specific intervals, as recommended by the county auditor, that shall be completed at least once every five years.

(c) (1) A special district may, by unanimous request of the governing board of the special district, with unanimous approval of the board of supervisors, replace the annual audit required by this section with a financial review, in accordance with the appropriate professional standards, as determined by the county auditor, if the following conditions are met:

(A) All of the special district's revenues and expenditures are transacted through the county's financial system.

(B) The special district's annual revenues do not exceed one hundred fifty thousand dollars (\$150,000).

(2) If the board of supervisors is the governing board of the special district, it may, upon unanimous approval, replace the annual audit of the special district required by this section with a financial review in accordance with the appropriate professional standards, as determined by the county auditor, if the special district satisfies the requirements of subparagraphs (A) and (B) of paragraph (1).

(d) Notwithstanding the provisions of this section, a special district shall be exempt from the requirement of an annual audit if the financial statements are audited by the Controller to satisfy federal audit requirements.

**Board of Directors**

*Norman Crow, Chairperson*

*Frank Durao, Matthew Boulware*

*Rob Brooks, Ray Murphy, Tom Maring*

**Associate Directors**

**P.O. Box 193**

*Patterson, CA. 95363*

*TEL. (209) 892-3026*

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**January 13, 2010**

Stanislaus County Board of Supervisors  
1010 10<sup>th</sup> Street, Suite 6500  
Modesto, CA 95354

BOARD OF SUPERVISORS  
2010 JAN 28 A 11:43

The West Stanislaus Resource Conservation District (WSRCD) Board of Directors would like to request that the Stanislaus County Board of Supervisors allow the West Stanislaus Resource Conservation District to replace it's annual audit with a Bi-Annual Audit. This Bi-Annual Audit would remain in place until the district's revenue exceeds \$150,000 or at the direction of the County Board of Supervisors or the County Auditor and would begin with the combination of June 30,2009 and June 30,2010 year ends. This request is allowed in accordance to article # 26909 (B) of the California State Code, because our annual revenue does not exceed \$150,000 per year. In the past we have had annual audits for this district. The reason for this request would allow a considerable cost savings to the WSRCD board. The WSRCD board made a motion for this request at the December 9<sup>th</sup> meeting of the West Stanislaus Resource Conservation District with the board's unanimous consent.

Sincerely,

Norman W. Crow,  
Chairman to the  
West Stanislaus Resource Conservation District Board