



NEVADA COUNTY BOARD OF SUPERVISORS
Board Agenda Memo

DATE OF MEETING: February 20, 2024

TO: Board of Supervisors

FROM: Gina Will, Auditor-Controller

SUBJECT: Resolution authorizing Beyers Lane Community Service District, Mystic Mine Community Service District, and San Juan Ridge County Water District to replace its annual audit with an annual financial review beginning with the fiscal year ended June 30, 2023 (unanimous vote of the Board of Supervisors Required).

RECOMMENDATION: Unanimously approve the attached Resolution.

FUNDING: Not applicable.

BACKGROUND: Government Code §26909 requires that the county auditor ensure that an annual audit of the books and records of every special district of the county is performed and conforms with generally accepted auditing standards. §26909 (b) and (c) gives discretion to the auditor to recommend to the board of supervisors that the frequency and scope of the audits be modified for districts with smaller budgets and resources. The recommendation must be approved unanimously by both the district's governing board and by the Board of Supervisors.

In an effort to bring districts into compliance with the audit requirements, the auditor's office has consulted with external auditors and other county auditors in exploring options but that still meet the requirements of statute. These options have also been discussed with certain special districts. As a result, the following audit recommendations have been developed that will continue to provide assurances and transparency to stakeholders over financial position while also providing relief to some special districts:

- An annual financial review for special districts with annual revenues that do not exceed \$150,000.
- Two years of financial reviews followed by a one-year audit for special districts with annual revenue between \$150,000 and \$500,000.
- An annual audit for any special district that has revenue exceeding \$500,000 in any one fiscal year.

The following districts have annual revenue less than \$150,000 and their boards have unanimously approved the request for an annual financial review in place of an annual audit:

1. Beyers Lane Community Service District
2. Mystic Mine Community Service District
3. San Juan Ridge County Water District

I am recommending for your unanimous approval the attached resolution for these districts to transition from annual audits to annual financial reviews while their annual revenues remain less than \$150,000 beginning with the fiscal reporting year ended June 30, 2023.

Item Initiated and approved by: Gina Will, Auditor-Controller