



State of California  
**C O U N T Y O F N E V A D A**

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January 30, 2018

Honorable Board of Supervisors  
Eric Rood Administration Center  
950 Maidu Avenue  
Nevada City, CA 95959

**DATE OF MEETING:** February 13, 2018

**SUBJECT:** Resolution authorizing the Lake of the Pines Ranchos Community Service District to replace its annual audit with an annual financial review combined with a required audit to be performed every third year.

**RECOMMENDATION:** Approve the attached Resolution.

**FUNDING:** Not applicable.

**BACKGROUND:** Government Code §26909 (c) (1) allows for a special district to replace its required annual audit with a financial review. This alternative financial reporting type is allowed for qualifying districts with annual revenues that do not exceed \$150,000 and all its transactions are processed through the county's financial system. The financial review must be performed in accordance with the appropriate professional standards, as determined by the county auditor.

The Lake of the Pines Ranchos Community Services District expressed interest in replacing their annual audit with a financial review and does meet the qualifications. After discussion with the District and several external audit firms, I recommended to the District to consider the financial review for a period of two years and a financial audit in the third year. The District's Board unanimously agreed and attached is their resolution requesting the authorization from the County Board of Supervisors.

I am recommending for your unanimous approval the attached resolution for the District to transition from the required annual audit to a financial review for two consecutive years and a financial audit every three years beginning with the fiscal reporting year ending June 30, 2017.

Submitted by: Marcia L. Salter, Auditor-Controller