

Board of Supervisors Agenda Item Report

Submitting Department: Auditor-Controller

Meeting Date: November 26, 2024

SUBJECT

Approval of Sunset Heights CSD Board's Fiscal Audit Requirements Resolution dated 11-9-24 which includes the County Auditor's Recommendation.

Recommendation:

Unanimous approval of Sunset Heights CSD's Fiscal Audit Requirements Resolution dated 11-9-24 which includes the County Auditor's Recommendation.

Sunset Heights CSD meets certain qualifications that allow the District alternatives to its annual auditing requirements. However, in order to proceed, Government Code Section 26909 requires that the Special District (Sunset Heights CSD) unanimously approve the recommendation of the County Auditor, and subsequently the County Board of Supervisors must also unanimously approve the District's request and the County Auditor's Recommendation.

4/5 vote required:

Yes

Distribution Instructions:

Auditor-Controller; Sunset Heights CSD

ATTACHMENTS

- [Sunset Heights CSD Signed Audit Resolution dtd 11-9-24.pdf](#)
- [County Auditor Recommendation Letter to Sunset Heights CSD 10-29-24.pdf](#)

Approved
Unanimous

Sunset Heights CSD

Mailing Address: 17910 Sharon Ct, Pine Grove, CA 95665

Email: SunsetHeightsCSD@gmail.com

Website: SunsetHeightsCSD.SpecialDistrict.org

RE: Board Resolution # Fiscal Audit Requirements

WHEREAS Government Code 26909 specifically requires special districts to have annual, independent audits conducted by the County Auditor or a Certified Public Accountant, and

WHEREAS Government Code 26909 provides an alternative audit process if by unanimous request of the governing board of a special district, and further by unanimous approval of the Board of Supervisors can be changed to one of the following:

- (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, shall be completed at least once every five years.

WHEREAS the Amador County Auditor-Controller recommends to the Sunset Heights CSD Board of Directors and subsequently the Amador County Board of Supervisors that Sunset Heights do an Audit for Fiscal Year 2024-25, and then proceed with Bi-Annual Financial Statement Compilations for the next 4 until its next one-year audit is due. A special district may not have more than five consecutive Financial Compilations performed without having conducted at least one full one-year audit,
 THEREFORE, BE IT RESOLVED that the District Board of Directors unanimous accepts the Amador County Auditor-Controller's recommendation and requests the Board of Supervisors likewise approve the Auditor-Controller's recommendation.

ON A MOTION by Donna Christenson.

The forgoing Resolution was duly passed and adopted by the Board of Directors of Sunset Heights Community Services District, this 9th day of November, 2024 by the following vote.

AYES: 6
 NOES: 0
 ABSENT: 0
 ABSTAINED: 0



Sean Regan
 Chairman, Sunset Heights CSD

ATTEST: 
 Vanessa McDermott
 Secretary, Sunset Heights CSD



OFFICE OF
AUDITOR - CONTROLLER

TACY ONETO ROUEN, Auditor - Controller

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October 29, 2024

Sunset Heights CSD Board of Directors
Attn: Vanessa McDermott
17910 Sharon Court
Pine Grove, CA 95665

Re: Sunset Heights CSD Audit Requirement & County Auditor Recommendation

Dear Sunset Heights CSD Board of Directors,

Recently, the District contacted the Amador County Board of Supervisors to request a change to its Audit Requirements. Upon discussions and review of financial documents, I determined that Sunset Heights CSD had been conducting Bi-Annual Reviews, but has not undergone a Financial Statement Audit over the years, which is a State-imposed requirement.

Government Code 26909 specifically requires special districts to have annual, independent audits conducted by the County Auditor or a Certified Public Accountant. However, the annual audit, by unanimous request of the governing board of a special district, and further by unanimous approval of the Board of Supervisors can be changed to one of the following:

- (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, shall be completed at least once every five years.

Further, under certain restrictions, a special district may, by unanimous request of the governing board of the special district, and further by unanimous approval of the Board of Supervisors, replace the annual audit with a Financial Review, an Agreed-Upon Procedures Engagement, or an annual Financial Compilation in accordance with the appropriate professional standards, as determined by the County Auditor if both of 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).

However, please note that a special district may not have more than five consecutive financial compilations performed without having conducted at least one full one-year audit.

While Sunset Heights CSD annual revenues are less than \$150,000, the District does not process its transactions through the County Treasury, which makes the aforementioned alternatives unavailable. Nonetheless, Sunset Heights CSD can request that an Audit Report be completed once every five years (with the County Auditor's Recommendation). At this point in time, I think that the best option is for Sunset Heights CSD to do an Audit for FY 2024-25, and then make it a five-year Audit Cycle from that point forward, with Bi-Annual Compilation Services in between Audit Years.

Therefore, I hereby make the following recommendation to the Sunset Heights CSD Board of Directors and subsequently to the Amador County Board of Supervisors: **As County Auditor, I approve of Sunset Heights CSD doing an Audit for Fiscal Year 2024-25, and then proceeding with Bi-Annual Financial Statement Compilations for the following four years until its next one-year audit is due for FY 2029-30.** Again, both the Sunset Heights CSD Board of Directors must unanimously approve the request and recommendation, and subsequently the Amador County Board of Supervisors must unanimously approve the request and recommendation.

If Sunset Heights CSD's Board of Directors unanimously approve the request and recommendation, they will need to send a copy of its Board's decision and request to the County Board of Supervisors for their unanimous approval. If you have any questions or concerns, please let me know.

Respectfully Yours,


Tacy Oneto Rouen
Auditor-Controller