
**FRESNO LOCAL AGENCY FORMATION COMMISSION (LAFCo)
EXECUTIVE OFFICER'S REPORT**

AGENDA ITEM NO. 8

DATE: August 8, 2018

TO: Fresno Local Agency Formation Commission

FROM: David E. Fey, Executive Officer 

SUBJECT: Response to 2017-18 Fresno County Grand Jury Report No. 3

RECOMMENDATION: Authorize Chair to Execute the Attached Response to the Fresno County Grand Jury

Executive Summary

Fresno County Grand Jury Report No. 3 ("Report") focuses on inconsistencies in some Fresno County special districts' financial audit reporting to the Fresno County Auditor-Controller/Treasurer-Tax Collector's Office. The Report determined that "there is a systematic failure by the county entity responsible for audit compliance in the follow-up of the special districts' financial audit reporting."

LAFCo plays a relatively minor but important role in this Report. The Grand Jury understood that LAFCo is not responsible for the behavior of other agencies but strives—through the Municipal Service Review process—to assist special districts to improve their accountability, their fidelity to their principal acts, and their financial reporting requirements as required by statute.

A copy of the Report is attached. The draft response letter to the Honorable Alan M. Simpson, Presiding Judge of the Fresno County Superior Court is attached for the Commission's consideration.

Analysis of Findings and Recommendations:

Finding F5. Through the municipal service review process, the Fresno County Local Agency Formation Commission is aiding and educating the special districts in the proper methodology in the operation of the special district, subject to available resources.

Response to finding F5: We agree with the finding.

Please note that Fresno LAFCo is an independent governmental agency authorized by the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH) and should be referred to as the "Fresno Local Agency Formation Commission."

Finding F6. Per the Fresno County Auditor-Controller/Treasurer-Tax Collector's Office, current and accurate financial information was unavailable on the noncompliant special districts.

Response to finding F6: We agree with the finding.

LAFCo staff appreciates the timely and professional assistance given by AC/TTC staff during the MSR process. AC/TTC staff provides data that assists LAFCo to determine the extent to which special districts comply with government code requirements for financial reporting. LAFCo's experience is that many special districts do not comply with the requirement under GC sec. 26909 to provide the AC/TTC with financial information.

Finding F7. In August 2017, the California Little Hoover Commission produced Report #239: "Special Districts: Improving Oversight & Transparency", offering recommendations for improving oversight and transparency of California special districts.

Response to finding F7: We agree with the finding.

Responses to recommendations

Recommendation R5. The Fresno County Local Agency Formation Commission should continue to utilize and expand the municipal service review process to aid and educate all special districts. (F5)

Response to recommendation R5: We agree with the recommendation.

Recommendation R6. Fresno County Local Agency Formation Commission and the Fresno County Auditor-Controller/Treasurer-Tax Collector's Office should encourage and support the recommendations of the California Little Hoover Commission "Special Districts: Improving Oversight & Transparency", Report #239, August 2017. (F7)

Response to recommendation R6: We agree with the recommendation.