

McGladrey & Pullen

Certified Public Accountants

To the Honorable Mayor Alan Autry
and Members of the City Council
City of Fresno, California

In connection with our audit of the basic financial statements of the City of Fresno, California (the City) as of and for the year ended June 30, 2007, we offer the following matter as a constructive suggestion to be considered as part of the ongoing process of modifying and improving the City's practices and procedures:

Cash Discounts

Condition: The City currently does not have formal procedures in place to identify or utilize the cash discount provided by vendors for early payments.

Recommendation: In order to afford accountability and government stewardship, and improve cash management, we recommend the City should put in place a mechanism to identify invoices with early payment discounts so that payments can be properly prioritized.

We will be pleased to respond to any questions you may have about the foregoing. We appreciate the opportunity to continue to be of service to the City of Fresno, California.

McGladrey & Pullen, LLP

Riverside, California
January 31, 2008