

Top Ten Reporting Issues for Special District Financial Transactions Report

1. A Special District that has no financial transactions during the year must file the Cover Page form and the General Information form of the Special District Financial Transactions Report (FTR), stating “No Activity” on the Cover Page form. A Special District that has no financial transactions but has outstanding debt taken out in the Special District’s name must report the debt and any debt payments on the appropriate Debt and Statement of Revenues, Expenditures, and Changes in Fund Balances forms.
2. The activity type must reflect the services the Special District provides. Select the type of governmental/enterprise activity for which this report is being prepared.
3. Major variances require footnotes. If there is an overall reporting change, add an explanation in the Comments form. Access the footnote panel by double-clicking on the field in which the balance was reported. Invalid footnotes will be questioned by staff upon review of the FTR. Simply noting “Correct,” “Confirmed OK,” or “increase/decrease” is not acceptable. Please indicate what caused the variance (e.g., New Assembly Bill 1234 law enforcement grant).
4. The Other fields on the revenue and expenditure forms are for items that do not apply to a hard-coded field elsewhere on the form. Please review all of the fields on the forms before reporting an item as Other. A footnote is required for those entries.
5. Include a footnote to explain the reason for a prior period adjustment exceeding 20% of the Fund Balance/Net Position, Beginning of Period.
6. Report residual equity transfers and transfers of capital assets as Transfer In and Transfer Out. Include a footnote to explain why and where a transfer was made.
7. The Appropriations Limit Information form must be completed by all special districts that receive property taxes and are subject to the provisions of California Constitutional Article XIII B. Refer to California Constitutional Article XIII B for specific information on this requirement. If the Special District is exempt from having an appropriation, note that in the General Comment form. Failure to report your Appropriations Limit might affect your mandated cost reimbursement.

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8. If the Special District has any debt reported on the debt forms, the activity reported on the debt form must match the activity on the governmental/enterprise form (i.e., Fire Protection activity reported on the governmental form must have Fire Protection selected as the activity type on the debt form). All debt reported must have Principal and Interest (P&I) payments. If there are no P&I payments, include footnotes to explain why there are no current-year payments.
 - Long-Term Debt
 - Principal Amount Issued During Fiscal Year
 - Report the total amount of principal issued during the fiscal year on the appropriate Long-Term Debt form.
 - Use a separate form for each debt issued.
 - For Governmental Activities, the principal amount issued must also be reflected on the Governmental Activity's Revenues, Expenditures, and Change in Fund Balance form, on a Long-Term Debt Proceeds line.
 - Principal Amount Matured During Fiscal Year
 - Report the amount of principal paid during the fiscal year on the Long-Term Debt form. Do not include the current portion of principal amounts that are payable in the following fiscal year or the interest payment during the fiscal year.
 - For Governmental Activities, the principal payments reported must also be reflected on the Governmental Activity's Revenues, Expenditures, and Changes in Fund Balance form on the Retirement of Long-Term Debt line.
 - Interest Payment During the Fiscal Year
 - Report the amount of interest paid during the fiscal year on the Long-Term Debt Form.
 - Report interest payments on the Interest on Long-Term Debt/Interest Expense line of the Revenues, Expenditures, and Changes in Fund Balance form of the governmental or enterprise activity related to the debt.
 - Other Long-Term Debt
 - Do not include liability type debts that have no P&I payments [e.g. Compensated Absences and Other Post-Employment Benefits] or interfund loans (e.g., copiers, vehicles, etc.) on the Long-Term Debt forms as Other Long-Term Debt.

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9. Improvement District, Special Assessment, Mello-Roos, and Marks-Roos Bonds
 - Improvement District (1911 Act, 1913 Act, and 1915 Act), Other Special Assessment, Mello-Roos, and Marks-Roos bonds and Other Nonagency debts are liabilities of property owners to bondholders and not primary liabilities of the local agency. Any transactions and balances relating to these bonds should not be reported elsewhere in the FTR, but on the Long-Term Debt form only. Unless the debt is backed fully by the faith and credit of the government or fully or partly backed by some other type of the general government commitment.
10. We cannot grant extensions to submit reports. If you are unable to submit your report, please contact the Special District Reporting Unit at SDsupport@sco.ca.gov or (916) 327-1017. Audited financial statements can also be submitted electronically to the same email address. You must submit the signed Cover Page.