
From: LGPSD Local Government Policy
Sent: Monday, June 5, 2023 4:34 PM
To: Andrew Sisk
Cc: Singh, Sandeep; LGPSD Local Government Policy; Liu, Jia
Subject: 5/25 Advisory Committee on County Accounting Procedures Meeting

Hello Andy,

I hope this email finds you well.

Please see our responses to the questions asked at the Advisory Committee meeting and let us know if you need anything else.

1. Do Joint Powers Authorities have to follow the Special District Uniform Accounting and Reporting Procedures (SPD) manual?

Joint Powers Authorities are considered special districts **for financial transaction reporting purposes** pursuant to government code section [12463\(d\)\(2\)\(B\)](#) and should follow the SPD manual.

2. Should Special Districts comply with GAAP?

The purpose for any governmental entity is to provide clear, consistent, and comparable information on its financials to the public. Following GAAP ensures financial information is consistently and accurately reported. For Financial Transaction Reports provided to SCO [Government Code Section 53891\(a\)](#) provides more information.

3. What should be done with the FTR reports of Special Districts that have not conducted an audit in the last 5 years?

Special Districts can prepare and submit their FTRs even without audit reports as long as they follow GAAP reporting. FTR and audit submission are two different issues. Audit reports should be submitted to SCO within 12 months of the end of fiscal year or years under examination.

A special district may, by unanimous request of the governing board of the special district and with unanimous approval of the board of supervisors, replace the annual audit required by this section with one of the following, performed in accordance with professional standards, as determined by the county auditor:

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

Also, A special district may, by unanimous request of the governing board of the special district and with unanimous approval of the board of supervisors, replace the annual audit required by this section with a financial review, or an agreed-upon procedures engagement, in accordance with the appropriate professional standards, as determined by the county auditor, if 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).
- (C) The special district shall pay for any costs incurred by the county auditor in performing an agreed-upon procedures engagement. Those costs shall be charged against any unencumbered funds of the district available for that purpose.

In addition, A special district may, by annual unanimous request of the governing board of the special district and with annual unanimous approval of the board of supervisors, replace the annual audit required by this section with an annual financial compilation of the special district to be performed by the county auditor in accordance with professional standards, if all 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).
- (C) The special district shall pay for any costs incurred by the county auditor in performing a financial compilation. Those costs shall be a charge against any unencumbered funds of the district available for that purpose.

A special district shall not replace an annual audit required by [GOV 26909 \(d\)\(1\)](#) with an annual financial compilation of the special district pursuant to paragraph (1) for more than five consecutive years, after which a special district shall comply with [subdivision \(a\)](#).

Regards,



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