



Money Matters

Financial Reports for Special Districts

By Paula Hansen, CSDM, Administration Manager, Southgate Recreation & Park District

Keeping track of financial reporting requirements can be confusing. Which reports are required? Who do we submit reports to? When are they due? Our district is an independent district, do we have to send audits to the County? Preparing financial reports requires expertise, software, and appropriate financial policies and procedures. Accounting for government agencies is different than accounting for private industry. Audits can be costly. With limited resources, prioritizing financial reports required by law is essential.

A valuable resource to help districts identify mandatory financial reporting requirements and establish accounting procedures is the *Special District Uniform Accounting and Reporting Procedures*, which is a comprehensive accounting manual prepared by the California State Controller's Office. It is updated on a regular basis to include new accounting standards and relevant legislative updates. Valuable information includes an explanation of Generally Accepted Accounting Principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The minimum requirements for establishing an accounting system for special districts are described, which may be helpful for small districts and districts with limited resources to establish financial systems to meet their specific needs.

The California State Controller's Office (SCO), County Auditor-Controller's Offices, and California State Treasurer's Office are responsible for reviewing, interpreting, and summarizing financial information for the public, California State Legislature, and other officials. Special districts are required to submit audited financial statements, annual financial transactions reports, bond reports, retirement system reports and government compensation reports. Here is a summary of legally required financial reports:

Audited Financial Statements

Annual audits may be required for compliance with Government Code 26909. There are provisions for special districts that meet specific requirements to request approval from the county board of supervisors for alternate options such as biennial audits or limited financial reviews. Audits must be submitted to the SCO, County Auditor and local agency formation commission of the county within 12 (twelve) months of the end of the fiscal year.

Special Districts Financial Transactions Report

The Special Districts Financial Transactions Report (FTR) summarizes the complex information from over 3,300 special districts in California on the SCO website. To

complete your FTR, go to the SCO website for instructions at and enter the data from your district’s audited financial statements. They also request information on debt issuances and parcel taxes. The FTR is due seven months after the end of the fiscal year. For districts with a fiscal year ending June 30, the report is due on January 31 the following year. This report is required by Government Code 53891. Penalties for failure to report or falsification are significant. Be sure to post a link to the SCO website on your district’s website to complete the requirement.

Government Compensation Report

Local government agencies are required by Government Code 53890-53891 to submit information on annual compensation to the State Controller’s Office each year. Reports for the calendar year are due on April 30 of the subsequent year. For example, the 2023 compensation report is due April 30, 2024. An Excel spreadsheet template and instructions are available on the SCO website. The report includes positions, annual pay, salary ranges and benefits. Much of this information comes from employee W-2 forms, payroll, and benefit records. Employees’ names are not included in the report for the California State Controller’s Office. However, organizations frequently submit Public Records Act requests for the report with employees’ names added. We find that preparing this information at the same time is efficient.

Public Retirement Systems Financial Transactions Report

Special districts that maintain a public retirement system are required to submit an annual Public Retirement Systems Financial Transactions Report to SCO. Like the Special Districts Financial Transactions Report, SCO collects financial information in a standardized format and audited financial statements are required. Reports are due within six months of the close of the fiscal year. For fiscal years ending on June 30, reports are due by December 31. For defined benefit plans, an actuarial valuation report is required at least every three years. Reports are filed online using the Local Government Financial Reporting System.

Debt

Public agencies that issue debt must report the issuance and annual reports to the California State Treasurer’s Office. Your district’s bond counsel will assist with the issuance reports. In addition, most debt issuances have annual continuing disclosure requirements as described in the issuance documents. The California Debt and Investment Advisory Commission website is a fantastic resource.

Identifying the financial reports that are required by Government Code will help your district meet these requirements, so that you can focus on the essential and unique services that you provide to your communities!

MONEY MATTERS by CSDA Finance Corporation

For 35 years, CSDA Finance Corporation has been providing California’s special districts with low-cost, competitively priced financing solutions. So far this year, CSDAFC has facilitated financings for a wide range of projects and purchases totaling over \$61 million.

EXAMPLES OF RECENTLY CLOSED FINANCINGS

Tehachapi-Cummings County Water District	Pump plant project	\$10,925,000
Orchard Dale Water District	Water tank replacement	\$4,030,000
West Side Recreation and Park District	Energy efficiency project	\$2,000,000
Nipomo Community Services District	Vector truck	\$602,500
Beaumont Cherry Valley Recreation & Park District	Park improvements	\$400,000

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