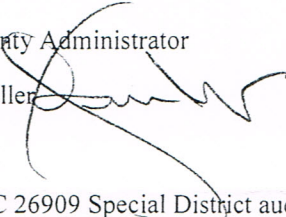


Memorandum

To: All Special District's
CC: Board of Supervisors and County Administrator
From: Jennie Ebejer, Auditor-Controller 
Date: 12/15/2016
Re: Effective 1/1/17 Change in GC 26909 Special District audits

The Board of Supervisors has requested that you receive a copy of their resolution regarding Government Code 26909 change in auditing options. I am also including a copy of AB 2613 which is the Assembly Bill with the language change for GC 26909.

Please feel free to contact our office if you have any questions or concerns regarding the new language.

The Board of Supervisors requested that we ask for confirmation of your receipt of this memo and the attachments. We have included a self addressed stamped envelope for your convenience. Please sign, date and return this memo to our office in the envelope provided verifying receipt of the aforementioned material. Thank you.

District Name

Special District Board Chair Signature

Date

**RESOLUTION OF THE SISKIYOU COUNTY
BOARD OF SUPERVISORS**

WHEREAS, The Siskiyou County Board of Supervisors values the services provided to Siskiyou County residents through independent special districts, and;

WHEREAS, The Board recognizes the regulatory burdens placed on and the financial challenges of such special Districts, and;

WHEREAS, The Board desires to reduce the regulatory burden on and associated costs to independent special districts the extent authorized by law, and;

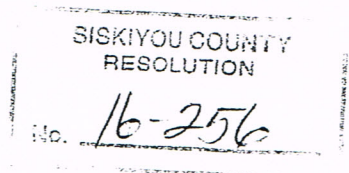
WHEREAS, Government Code Section 26909 provides discretion and authority for the Board of Supervisor to reduce regulatory requirements related to special district financial audits, and;

WHEREAS, An audit report shall be filed with the Auditor-Controller in which the special district is located and the State Controller within 12 months of the end of the fiscal year or years under examination, and;

NOW, THEREFORE, BE IT RESOLVED that the Siskiyou County Board of Supervisors hereby exercises its Government Code 26909 authority and hereby adopts the following stated special districts audit policy, effective January 1, 2017, and terminating on December 31, 2026.

Financial Audit Alternatives

- A. An independent special district, upon the unanimous request of its governing board, may replace the annual audit to otherwise be performed, with one of the following:
- 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 \$150,000;
 - 3) An audit conducted at specific intervals, as recommended by the county auditor, which shall be completed at least once every five years.
 - a. Independent special districts may request an interval other than annual by submitting a written request to the County Auditor.



- b. The County Auditor shall respond to the request in writing within 15 days of receipt of the request.
- B. An independent special district, upon the unanimous request of its governing board, may replace the annual audit with a financial review or an agreed upon procedures engagement, if the following conditions are met:
- 1) All of the special district's revenues and expenditures are transacted through the County's financial system.
 - 2) The special district's annual revenues do not exceed one hundred fifty thousand dollars (\$150,000).
 - 3) 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.

Audit Standards

The standards that may be used individually or combined include the Government Auditing Standards (Yellow Book), Generally Accepted Auditing Standards, State Controller's Accounting Standards and Procedures manual, and the standards set by the American Institute of Certified Public Accountants.

The County Auditor, upon receipt of a copy of the minutes of the any affected special district governing body reflecting its unanimous approval to proceed with one of the alternatives identified as Financial Alternatives describe herein, shall accept this resolution as unanimous Board approval to so proceed in accordance with the herein stated professional standards.

If the County Auditor has reason to believe that audit requirements are not sufficient and warrant increased level of audit, the County auditor: (a) shall provide prompt written notification (within 15 days) to the Board of Supervisors and affected district in identifying the concerns and provide recommendations to resolve those concern; or (b) upon receipt of the financial review, agreed-upon procedures engagement, or financial compilation, the county auditor shall appoint a certified public accountant or a public accountant to conduct an audit of the special district, with proper notice to the governing board of the affected special district and board of supervisors.

The foregoing resolution was adopted at a regular meeting of the Board of Supervisors of the County of Siskiyou, State of California, held on the 6th day of December, 2016 by the following vote:

AYES: Supervisors Kohseff, Haupt, Criss, Valenzuela and Pennett

NOES: NONE

ABSENT: NONE

ABSTAIN: NONE

ATTEST:

COLLEEN SETZER, COUNTY CLERK

By: Wendyl O'Neil
Deputy

Grace Bennett
Grace Bennett, Chair



California
LEGISLATIVE INFORMATION

AB-2613 County auditor: audits: special districts. (2015-2016)

SHARE THIS:



Date Published:

Assembly Bill No. 2613

CHAPTER 164

An act to amend, repeal, and add Section 26909 of the Government Code, relating to local government.

[Approved by Governor August 22, 2016. Filed with Secretary of State August 22, 2016.]

LEGISLATIVE COUNSEL'S DIGEST

AB 2613, Achadjian. County auditor: audits: special districts.

Existing law requires the county auditor to either perform an audit, or contract with a certified public accountant or public accountant to perform an audit, of the accounts and records of every special district within the county, as specified. Existing law authorizes a special district, by unanimous request of its governing board and unanimous approval by the board of supervisors, to replace the annual audit with an audit over a longer period of time or with a financial review, as specified.

This bill would additionally authorize a special district, until January 1, 2027, by unanimous request of its governing board and with unanimous approval of the board of supervisors, to replace the annual audit for not more than 5 consecutive years with an annual financial compilation of the special district to be performed by the county auditor, or with an agreed-upon procedures engagement, in accordance with professional standards, if certain conditions are met.

Vote: majority Appropriation: no Fiscal Committee: no Local Program: no

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 26909 of the Government Code is amended to read:

26909. (a) (1) The county auditor shall either make or contract with a certified public accountant or public accountant to make an annual audit of the accounts and records of every special district within the county for which an audit by a certified public accountant or public accountant is not otherwise provided. In each case, the minimum requirements of the audit shall be prescribed by the Controller and shall conform to generally accepted auditing standards.

(2) If an audit of a special district's accounts and records is made by a certified public accountant or public accountant, the minimum requirements of the audit shall be prescribed by the Controller and shall conform to generally accepted auditing standards, and a report thereof shall be filed with the Controller and with the county auditor of the county in which the special district is located. The report shall be filed within 12 months of the end of the fiscal year or years under examination.

(3) Any costs incurred by the county auditor, including contracts with, or employment of, certified public accountants or public accountants, in making an audit of every special district pursuant to this section shall be borne by the special district and shall be a charge against any unencumbered funds of the district available for the purpose.

(4) For a special district that is located in two or more counties, this subdivision shall apply to the auditor of the county in which the treasury is located.

(5) The county controller, or ex officio county controller, shall effect this section in those counties having a county controller or ex officio county controller.

(b) 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.

(c) (1) 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.

(2) If the board of supervisors is the governing board of the special district, it may, upon unanimous approval, replace the annual audit of the special district 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 special district satisfies the requirements of subparagraphs (A) and (B) of paragraph (1).

(d) (1) 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.

(2) A special district shall not replace an annual audit required by this section 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).

(e) Notwithstanding this section, a special district shall be exempt from the requirement of an annual audit if the financial statements are audited by the Controller to satisfy federal audit requirements.

(f) Upon receipt of the financial review, agreed-upon procedures engagement, or financial compilation, the county auditor shall have the right to appoint, pursuant to subdivision (a), a certified public accountant or a public accountant to conduct an audit of the special district, with proper notice to the governing board of the special district and board of supervisors.

(g) This section shall remain in effect only until January 1, 2027, and as of that date is repealed.

SEC. 2. Section 26909 is added to the Government Code, to read:

26909. (a) (1) The county auditor shall either make or contract with a certified public accountant or public accountant to make an annual audit of the accounts and records of every special district within the county for which an audit by a certified public accountant or public accountant is not otherwise provided. In each case, the minimum requirements of the audit shall be prescribed by the Controller and shall conform to generally accepted auditing standards.

(2) If an audit of a special district's accounts and records is made by a certified public accountant or public accountant, the minimum requirements of the audit shall be prescribed by the Controller and shall conform to generally accepted auditing standards, and a report thereof shall be filed with the Controller and with the county auditor of the county in which the special district is located. The report shall be filed within 12 months of the end of the fiscal year or years under examination.

(3) Any costs incurred by the county auditor, including contracts with, or employment of, certified public accountants or public accountants, in making an audit of every special district pursuant to this section shall be borne by the special district and shall be a charge against any unencumbered funds of the district available for the purpose.

(4) For a special district that is located in two or more counties, this subdivision shall apply to the auditor of the county in which the treasury is located.

(5) The county controller, or ex officio county controller, shall effect this section in those counties having a county controller or ex officio county controller.

(b) 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.

(c) (1) 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, 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).

(2) If the board of supervisors is the governing board of the special district, it may, upon unanimous approval, replace the annual audit of the special district required by this section with a financial review in accordance with the appropriate professional standards, as determined by the county auditor, if the special district satisfies the requirements of subparagraphs (A) and (B) of paragraph (1).

(d) Notwithstanding this section, a special district shall be exempt from the requirement of an annual audit if the financial statements are audited by the Controller to satisfy federal audit requirements.

(e) The section shall become operative on January 1, 2027.