

AMENDED IN ASSEMBLY APRIL 17, 2008

CALIFORNIA LEGISLATURE—2007—08 REGULAR SESSION

ASSEMBLY BILL

No. 2510

Introduced by Assembly Member La Malfa

February 21, 2008

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

LEGISLATIVE COUNSEL'S DIGEST

AB 2510, as amended, La Malfa. Local government: special districts: audits.

Existing law requires the county auditor to make an annual audit of the accounts and records of every special district, as specified, except that a special district may, with unanimous approval of the board of supervisors, replace the annual audit with a biennial audit covering a 2-year period or, if the district's annual budget does not exceed an amount specified by the board of supervisors, an audit covering a 5-year period.

This bill would *recast those provisions and would* authorize the use of the biennial audit or a financial review in accordance with specified procedures, so long as all of the special district revenues and expenditures are transacted through the county's financial systems and the special district's annual revenues do not exceed \$100,000.

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

The people of the State of California do enact as follows:

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

3 26909. (a) (1) The county auditor shall either make or contract
4 with a certified public accountant or public accountant to make an
5 annual audit of the accounts and records of every special purpose
6 district within the county for which an audit by a certified public
7 accountant or public accountant is not otherwise provided. In each
8 case, the minimum requirements of the audit shall be prescribed
9 by the Controller and shall conform to generally accepted auditing
10 standards.

11 ~~(b)~~

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

20 ~~(c)~~

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

27 ~~(d)~~

28 (4) For joint districts lying within two or more counties, the
29 ~~above provisions~~ *provisions of this subdivision* shall apply to the
30 auditor of the county in which the treasury is located.

31 ~~(e)~~

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

35 ~~(f)(1)~~

36 (b) A special district may, by unanimous request of the
37 governing board of the special district, with unanimous approval

1 of the board of supervisors, replace the annual audit with either of
2 the following:

3 ~~(A) A~~ required by this section with a biennial audit covering a
4 two-year period or, if the district's annual budget does not exceed
5 an amount specified by the board of supervisors, an audit covering
6 a five-year period.

7 ~~(B) A~~

8 (c) (1) A special district may, by unanimous request of the
9 governing board of the special district, with unanimous approval
10 of the board of supervisors, replace the annual audit required by
11 this section with a financial review, in accordance with the
12 guidelines specified by the United States General Accounting
13 Office, if the following conditions are met:

14 (i)

15 (A) All of the special district revenues and expenditures are
16 transacted through the county's financial system.

17 (ii)

18 (B) The special district's annual revenues do not exceed one
19 hundred thousand dollars (\$100,000).

20 ~~(2) Notwithstanding the foregoing provisions of this section to~~
21 ~~the contrary, districts shall be exempt from the requirement of an~~
22 ~~annual audit if the financial statements are audited by the Controller~~
23 ~~to satisfy federal audit requirements.~~

24 ~~(g) A board of supervisors may substitute a financial review in~~
25 ~~accordance with definitions promulgated by the United States~~
26 ~~General Accounting Office for the audit of a special district as~~
27 ~~required by this section, provided that all of the following~~
28 ~~conditions are met:~~

29 ~~(1) The board of supervisors is the governing board of the~~
30 ~~district.~~

31 ~~(2) The special districts revenues and expenditures are transacted~~
32 ~~through the county's financial systems.~~

33 ~~(3) The special district's annual revenues do not exceed one~~
34 ~~hundred thousand dollars (\$100,000).~~

35 (2) *If the board of supervisors is the governing board of the*
36 *special district, it may, upon unanimous approval, replace the*
37 *annual audit of the special district required by this section with a*
38 *financial review in accordance with definitions promulgated by*
39 *the United States General Accounting Office if the special district*

1 *satisfies the requirements of subparagraphs (A) and (B) of*
2 *paragraph (1).*
3 *(d) Notwithstanding the provisions of this section, a special*
4 *district shall be exempt from the requirement of an annual audit*
5 *if the financial statements are audited by the Controller to satisfy*
6 *federal audit requirements.*

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