

Root Creek Water District Accounting and Financial Reporting Policy

Adopted: October 11, 2017

Purpose and Scope

The purpose of this policy is to enact Root Creek Water District's (the "District") accounting and financial reporting guidelines and to ensure all District resources are accounted for in accordance with industry standards and generally accepted accounting principles ("GAAP").

Policy Statement

The District is committed to carrying out its fiduciary duties and oversight role consistent with the highest standards of fiduciary practice. In support of this commitment, the Board establishes this policy to guide the Board in carrying out its duties.

GAAP and District Accounts

The District's finances shall be accounted for in accordance with GAAP as established by the Governmental Accounting Standards Board, the Government Finance Officers Association ("GFOA"), Financial Accounting Standards Board, and other authoritative sources.

The District's accounts will be organized and operated to provide fiscal accountability and transparency. When appropriate, District accounts will be separated into specific, identifiable funds, and each fund shall be accounted for separately. Fund accounts will be segregated according to each fund's intended purpose. Organizing the District's finances in this way will allow the District's accounts to be reported both separately and in the aggregate.

Annual Reporting

The District will cause to be prepared, on an annual basis by a qualified independent certified public accountant ("external auditor"), an audit of the District's financials. The District will require the external auditor to use GAAP in preparing its annual financial statements, and will strive to meet the requirements of the GFOA's Award for Excellence in Financial Reporting program. The District will publicly issue audited financial statements annually. The District will strive to issue these statements within 180 days after the District's fiscal year-end, but may issue them later due to extenuating circumstances.

Interim Reporting

The General Manager will prepare, or cause to be prepared, interim financial reports of the District's fiscal status. The General Manager will present these interim reports to the District Board of Directors at regularly scheduled District meetings. Such interim reports shall include monthly reports, mid-year budget reviews, and interim annual reports, including but not limited to a balance sheet and an income statement. Content of specific reports may be amended by request of the Board of Directors at any time.

Duties and Responsibilities

The General Manager, working conjunctively with the District Treasurer, shall do each of the following:

1. Examine and approve the objectives and scope of the annual financial audit, including the audit plans of the external auditor, the duties and responsibilities of the external auditor, and the timing and estimated fees of the audit;
2. Meet annually with the external auditor to review the annual audit findings, any management letters issued by the auditor in connection with the annual audit, and any responses thereto by District staff;
3. Recommend the audited financial statements to the Board of Directors;
4. Review the engagement of the external auditor at least once every five (5) years and make recommendations to the Board as appropriate;
5. Coordinate searches for external auditors or other audit services as required, and make recommendations to the Board as appropriate;
6. Review the reports or correspondence submitted by any regulatory agencies concerning the District, as well as the District's responses, if any;
7. Review any significant changes in accounting practices or policies that may have an impact on the financial statements of the District and provide recommendations to the Board as appropriate;
8. Periodically evaluate the District's internal controls and the potential need for special audits of the internal controls;
9. Review any communications or reports from any state or federal agencies regarding the District's financial affairs; and,
10. Perform any other duties that are assigned by the Board.

Amendment

This policy is subject to changes in the regular operation of the District, as it may be revised from time to time by the Board of Directors.

Policy Review

This policy shall be reviewed by the District regularly, but in no event less than once every three years.