

Policy 2070 Financial Reporting

This policy establishes the framework by which the District produces, distributes, and maintains financial reports that are accurate, timely, compliant with applicable standards, and accessible to the public.

PURPOSE

Clear, accurate, and understandable financial reporting provides accountability over all components of the District's financial affairs and ensures compliance with applicable statutory and regulatory requirements. The District's financial reports shall meet standards established by the Governmental Accounting Standards Board (GASB), Government Auditing Standards, and other applicable oversight bodies, and shall be made available to the public in a manner that supports informed decision-making and public trust.

SCOPE

This policy applies to all financial reporting produced by or on behalf of the District, including government-wide statements, fund financial statements, budget-to-actual schedules, and supplementary reports. It applies to the Finance and Administration Manager, the General Manager, and the Board of Directors in their respective roles in producing, reviewing, and receiving financial information. It covers all funds—the General Fund (Fire), Utility Enterprise Funds (Water, Sewer, Garbage), and capital reserve accounts.

POLICY

A. Accounting Practices

The District shall establish and maintain accounting practices that conform to Generally Accepted Accounting Principles (GAAP) as established by the Governmental Accounting Standards Board (GASB). The District shall monitor and implement new GASB pronouncements on a timely basis. The Finance and Administration Manager is responsible for ensuring the District's accounting records and financial statements comply with GAAP and applicable California law.

B. Annual Financial Audit

An annual audit shall be performed by an independent certified public accounting firm engaged by the Board of Directors. The audit shall be conducted in accordance with GAAP and Government Auditing Standards issued by the Comptroller General of the United States. The District shall issue an Annual Comprehensive Financial Report (ACFR) no later than six months following fiscal year-end (December 31). The ACFR shall include the independent auditor's report, government-wide and fund financial statements, Management's Discussion and Analysis, required supplementary information, and statistical data. The District shall strive to meet the standards of the GFOA Certificate of Achievement for Excellence in Financial Reporting Program. Any management letter issued by the auditor shall be presented to the Board of Directors.

C. Periodic Financial Reporting

The Finance and Administration Manager shall submit financial reports to the Board of Directors on a regular basis to support informed governance and timely decision-making. At a minimum, the following reports shall be provided: a mid-year budget-to-actual report identifying material variances; quarterly capital and reserve fund balance summaries; and an annual year-end financial summary presented alongside the ACFR. The General Manager may direct additional reporting as operational needs require.

D. Internal Controls

Management is responsible for the design, implementation, and maintenance of internal controls sufficient to provide reasonable assurance that the District's financial statements are free from material misstatement, whether due to fraud or error. The District shall maintain a comprehensive framework of internal controls over financial reporting, cash handling, payroll, procurement, and capital asset management. Internal control findings identified by the independent auditor shall be reported to the Board and addressed promptly by management.

TRANSPARENCY AND REPORTING

The District is committed to financial reporting that is open, accessible, and meaningful to the public:

- **Public Availability** – The ACFR, annual budget, and other financial reports shall be available for public inspection and posted on the District's website at www.ovpsd.org promptly following issuance.
- **State Reporting** – The District shall file all required financial reports with the California State Controller's Office, including the Annual Financial Transaction Report and Annual Compensation Report, within statutory deadlines.
- **Board Presentation** – The ACFR and independent auditor's report shall be formally presented to the Board of Directors at a noticed public meeting. Any management letter findings and management's responses shall be included in that presentation.
- **Policy Review** – This policy shall be reviewed periodically and updated as necessary.

(Adopted 05-26-2026)