

EXTERNAL FINANCIAL REPORTING, DISCLOSURE & ANNUAL AUDITS

PURPOSE

To establish City policy regarding external financial reporting, financial disclosure filings and contracting for annual audit services by an external accounting firm.

POLICY

Accounting standards boards and regulatory agencies set the minimum standards and disclosure requirements for annual financial reports and continuing disclosure requirements associated with municipal securities. The City places a high value on transparency and full disclosure in all matters concerning the City's financial position and results of operations. To this end, the City endeavors to make superior disclosure in the City's Comprehensive Annual Financial Report and Continuing Disclosure filings by going above and beyond the minimum reporting requirements including certificate of achievement programs and voluntary event disclosure filings.

The City prepares its financial statements in conformance with Generally Accepted Accounting Principles (GAAP). Responsibility for the accuracy and completeness of the financial statements rests with the City. However, the City retains the services of an external accounting firm to audit the financial statements on an annual basis. The primary point of contact for the auditor is the Finance Director, but the auditors will have direct access to the City Manager, City Attorney, Finance Committee or City Council on any matters they deem appropriate.

The financial statement audit and compliance audits will be conducted in accordance with the United States Generally Accepted Auditing Standards (GAAS), standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller of the United States, and standards set by regulatory agencies if applicable.

After soliciting and receiving written proposals from qualified independent accounting firms, the Finance Director shall submit a recommendation to the Finance Committee and City Council. Under the premise that multiyear audit agreements are more cost efficient, allow for greater continuity and reduce audit disruption, the City may engage auditors in multi-year contracts but the term of each contract shall not exceed five years. Generally, the City will request proposals for audit services every five years. However, the Finance Committee may make an exception to the competitive proposal requirement if extraordinary circumstances exist and a change in auditors may not be

prudent. If the City Council is satisfied with the performance of the auditors, the independent accountants may submit additional proposals through a competitive selection process but it is the City's policy to require mandatory audit firm rotation after ten years of consecutive service.

After audit results have been communicated to the City, the Finance Department is then responsible for responding to all findings within six months to the Finance Committee and appropriate regulatory agencies, if applicable.

Adopted - January 24, 1994

Amended - February 27, 1995

Corrected - February 26, 1996

Amended - September 13, 2005

Amended - September 27, 2011

Formerly A-14