EUWCD	POLICY & PROCEDURE	POLICY NUMBER: FN 000#
SUBJECT: AUDIT OF FINANCIAL RECORDS		
EFFECTIVE DATE: OCTOBER 01, 2024	**REPLACING POLICY NUMBER:**	
	REVISED DATE:	**PAGE(S): 1 of 3**

POLICY

As a taxing entity, the Evergreen Underground Water Conservation District (District) is entrusted with the fiduciary responsibility to effectively manage public funds in a manner that exemplifies the highest standards of accountability, transparency and integrity to provide the appropriate level of quality public service. Through the oversight of an elected Board of Directors, the District's financial and business management policies and practices remain compliant with current laws and regulations, reflect the best ethical standards and ensure prudent fiscal stewardship while remaining highly cognizant of the financial impact on the taxpayers of the district.

PURPOSE

This policy establishes the minimum requirements for implementing an annual audit of the District's financial records. An examination of financial statements shall be conducted in accordance with generally accepted auditing standards and shall include a review of accounting procedures and the system of internal accounting control to ensure that there is effective control over revenues, expenditures, assets, and liabilities and that there is a proper accounting of resources, liabilities, and accounting operations.

PROCEDURE

At the end of each fiscal year, the Board shall have prepared an audit of it's financial affairs conducted by an independent certified public accountant or a firm of independent certified public accountants. An independent auditor will be selected annually by the Board through a solicitation process that encourages a rotation of auditing teams every three years. No single audit firm shall conduct more than five consecutive audits unless the Board determines that it is in the best interest of the District. The Budget and Finance Committee shall be responsible for recommending to the General Manager the selection of the auditor to be engaged to perform the annual audit and may give direction to the audit firm on the audit plan, special concerns or any special requirements. Such auditors shall have no personal interest directly or indirectly in the fiscal affairs of the District and shall be experienced and qualified in the accounting and auditing of public bodies.

The independent auditor may be requested by the Board to perform such interim audits or other special projects as the Board may deem necessary and shall submit a statement for services directly to the Board through the President. Upon completion of the audit, the Budget and Finance Committee will review the draft of the annual report, auditor's comments and recommendations on internal controls, and evaluate investment performance and security. The Budget and Financial Committee shall recommend to the Board of Directors whatever actions are necessary to fulfill filing requirements of the State of Texas and corrective actions or modifications to the District's policies or procedures determined necessary or desirable.

AUDIT STANDARDS

The audit is to include an examination for the financial statements of all funds and account groups of the District and shall be made in conformance with generally accepted accounting principles (GAAP) and the Governmental Accounting Standards issued by the Comptroller General of the United States. A Comprehensive Annual Financial Report (CAFR) may be prepared in conformance with guidelines of the Government Finance Officers Association (GFOA) Certificate of Achievement Program.

In performing an audit in accordance with GAAS, the auditor shall:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

The Independent audit shall include

- an opinion about the District financial statements, respective changes in financial position, and cash flows for the fiscal year;
- information about District accounting policies consistent with a groundwater conservation district as outlined in section 36.153 of the Texas Water Code;
- Information about accounting estimates, including, but not limited to useful lives of fixed assets and related estimates of depreciation expenses;
- Information related to any difficulties encountered in performing the audit; and

- Identification and assessment of the risks of material misstatement of the financial statements, whether due to fraud or error, and the design and performance of audit procedures responsive to those risks.

The auditor shall communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Approved:

Blaine Schorp

Blaine Schorp , President

9/12/24

Date