



Policy 5.1 – Financial Activity

REASON FOR POLICY

To provide information on Mount Pleasant Waterworks (MPW) financial operation to Commissioners, management and other interested parties.

DEFINITIONS

These definitions apply to the terms as they are used in this policy.

Term	Definition
GAAP	Generally Accepted Accounting Principles
GAAFR	Governmental Accounting, Auditing and Financial Reporting
GASB	Government Accounting Standards Board

Annual Financial Report Comprehensive Annual Financial Report

POLICY

MPW will comply with Titles 5 and 6 of the Code of Laws of South Carolina of Joint Acts and Resolutions of the General Assembly of the State of South Carolina, which provide the authority and responsibility for Mount Pleasant Waterworks to conduct its fiscal affairs, fix rates, collect fees for services, and dispose of these revenues for purposes germane to the functions of Mount Pleasant Waterworks. All actions involving finance, budgets and bonds shall be made by resolution and include, but are not limited to, rate resolutions, actions for issuance of bonds, acts related to cost recovery, actions related to impact fees, connection charges, special assessments or other fees, and actions related to customer charges.

Revenue requirements shall be determined annually, and rates and other charges shall be set to meet these needs during a budgeting process well in advance of the effective dates of such rates and charges. Customers will have advance notice of rates, fees and charges adjustments.

The accounting for funds is covered in the MPW Cost Recovery Policy. Water/Wastewater impact funds shall be accounted for separately from general revenue funds and shall be invested separately so that earned interest is part of each utility's plan for revenues to extend service or expand capacity.

Annual External Audit

An external audit shall be performed annually by an independent certified public accounting firm. The Chief Financial Officer (CFO) will serve as the Audit Liaison.

MPW will account for and report on its financial condition and results of operations in accordance with and in compliance with Generally Accepted Accounting Principles (GAAP), Government Accounting Standards Board (GASB) and Governmental Accounting, Auditing and Financial Reporting (GAAFR).

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The CFO will ensure compliance with the Federal Single Audit requirements. **Single Audit**, previously known as the OMB Circular A-133 **audit**, is an organization-wide financial statement and federal awards' **audit** of a non-federal entity that expends \$750,000 or more in federal funds in one year.

The Commission and its employees will fully cooperate with the external auditors.

The auditors may request information, written or oral, to include, but not limited to invoices, pay applications, schedules, minutes or other information deemed necessary for the audit.

Any questions or concerns over the release of information to the auditors should be addressed to the CFO or General Manager (GM).

The CFO will establish cut-off dates for the submission of invoices, pay applications, documents, reports, schedules, and any other information regarding financial transactions, work activities, and operations of the Commission. All transactions after the stated cut-off date must be approved by the CFO.

The CFO is responsible for the Comprehensive Annual Financial Report (Annual Financial Report) and the Popular Annual Financial Report (PAFR) to include submission to identified stakeholders, trustees, Commissioners, and the Government Finance Officers Association (GFOA).

Internal Audits

The CFO and/or GM have the right to request and execute an internal audit of transactions, processes, procedures, systems, etc. Internal audits are performed internally by the CFO. Department managers or the Commissioners may submit a request to the GM for an internal audit.

Information may be requested, written or oral, to include, but not limited to invoices, pay applications, schedules, or other information deemed necessary for the internal audit.

The results of the internal audit may be provided to the external auditors, the GM, the requesting department manager, or the Commissioners as deemed appropriate.

REFERENCES

- SC Code of Laws of Joint Acts and Resolutions of the General Assembly, Title 5 and 6
- MPW Cost Recovery Policy
- MPW Current Budget Resolution Establishing Customer Charges
- Governmental Accounting, Auditing and Financial Reporting (GAAFR)

DOCUMENT CONTROL

Managed by: <i>Commissioners</i>	<i>Responsible Position: General Manager</i>	Contact Position: <i>General Manager</i> <i>Chief Financial Officer</i>
Date Approved: <i>September 16, 2013</i>	Last Update:	Version: 1.0