



Terrace Lakes Water Company

A Member Owned Non-Profit Corporation

Financial Controls Policy

June 8, 2024

General:

1. Financial policies of the Board shall conform to applicable State statutes, local ordinances, and any other legal obligations of the system. Any section or sections of these policies determined to be in conflict shall be null and void, without affecting the applicability of other sections and provisions.
2. It is the policy of the Board that financial affairs of the system be conducted according to generally accepted accounting principles. The System's financial affairs shall be conducted on an accrual basis.
3. Audit reports shall be prepared periodically, as determined by the Board, covering financial operations for the previous fiscal year. Audit reports shall be completed by an independent public accountant, with experience in auditing similar organizations.
4. Before the beginning of each fiscal year, the Board shall develop and adopt an annual revenue and expense budget for the operation of the System. The annual budget must show that anticipated revenues and reserves shall be sufficient to cover all expenses.
5. The Treasurer will prepare and present financial reports to the Board monthly showing current month and year to date revenues and expenditures compared to budgeted revenues and expenditures, along with any projected changes from budget.

Segregation of Duties:

1. The Board shall approve all expenses and vendor invoices over \$2,500.00 before payment.
2. Any expenses paid through Electronic payment will require Board approval prior to payment. Pre-approved payments approved by the Board include: Idaho Power, National Rural Water Association and Mountain America Credit Union.
3. Any adjustments to journal entries are reviewed and signed by a member of the Board other than the Treasurer.

4. Bank statements are reviewed by the Board at monthly meetings. Statements will be initialed by a member of the Board other than the Treasurer, that the statement and all cancelled checks have been reviewed.
5. When checks are printed, a voucher (transaction summary) is attached to the invoice.
6. The Board shall assure that there is proper division of responsibilities among persons who receive, deposit, account for, and expend funds, in order to minimize the potential for loss, or unauthorized use of System assets.

Cash Handling:

1. No one may sign a check payable to oneself, either as a sole or secondary signature.
2. Checks are sequentially numbered and accounted for in sequence.
3. A copy of the checks and receipts are attached to a copy of the deposit slip and filed.
4. All cash receipts will be recorded with a two-part receipt book. One copy will be attached to the cash, and one left in the book.