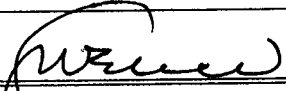




SCANNED

POLICY AND PROCEDURE

<i>Subject:</i> GAAP and Legal Compliance	<i>Index:</i> Finance <i>Number:</i> 201-1-2
<i>Effective Date:</i> September 1, 2005	<i>Prepared By:</i> Finance & Administrative Services
<i>Supersedes:</i> July 1, 2003	<i>Approved By:</i> 

1.0 **PURPOSE:**

To provide policy on the compliance of the Finance Division to Generally Accepted Accounting Principles and other legal authoritative bodies.

2.0 **ORGANIZATIONS AFFECTED:**

All departments and divisions.

3.0 **REFERENCES:**

Not applicable.

4.0 **POLICY:**

4.1 The City's accounting system is designed to present fairly and with full disclosure the government-wide financial statements and the financial position and results of financial operations of the funds of the City in conformity with generally accepted accounting principles.

4.2 The City's accounting system is designed to determine and demonstrate compliance with finance-related legal and contractual provisions.

4.3 In accordance with the Codification of Governmental Accounting and Financial Reporting Standards, neither GAAP nor legal compliance take precedence. Both are essential. When legal provisions conflict with GAAP, the City will prepare the basic financial statements in conformity with GAAP. Any difference will be disclosed in the notes to the financial statements. The City will also present such

supporting schedules, in addition to the GAAP - based financial statements, as may be necessary to clearly report its legal compliance requirements.

5.0 **DEFINITIONS:**

5.1 **Generally Accepted Accounting Principles (GAAP)** are commonly recognized standards and guidelines for financial accounting and reporting. They are promulgated by the Governmental Accounting Standards Board (GASB).

5.2 GAAP encompasses conventions, rules and procedures of generally accepted accounting practice at a particular time. GAAP also governs the form and content of basic financial statements.

5.2.1 GAAP provides a uniform framework in which the City may prepare financial statements which will present fairly and with full disclosure the City's financial position and results of operations.

6.0 **PROCEDURE:**

6.1 The City Finance Division will prepare and publish its financial statements in accordance with GAAP.