

REDDING RANCHERIA TRIBAL GOVERNMENT POLICIES

Chapter TP 4-100

Financial Accounting and Reporting



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SECTION 1: PURPOSE

To establish uniform standards and policies for financial accounting and reporting for the Redding Rancheria, based on generally accepted accounting principles (GAAP), and in accordance with governmental and industry standards.

SECTION 2: BACKGROUND AND INTENT

This Section sets forth the overall financial accounting and reporting standards and policies to be applied to all operations of the Redding Rancheria Tribal government.

This policy is intended to provide guidance to ensure that the Redding Rancheria Tribal government maintains its financial accounting and reporting responsibilities in keeping with the highest fiduciary standards and consistent with the standards which are accepted as the current “state of the art” by federal, state and other local governments.

SECTION 3: DEFINITIONS (Reserved)

SECTION 4: DELEGATED AUTHORITY (Reserved)

SECTION 5: APPLICABILITY

This policy applies to the Redding Rancheria and all of its subordinate organizations and enterprises as applicable to the business purpose of each unit of the Redding Rancheria Tribal government.

SECTION 6: CONFORMANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES AND STANDARDS

The provisions of Generally Accepted Accounting Principles including applicable governmental fund accounting and reporting principles and standards, as are promulgated by the American Institute of Certified Public Accountants and other authoritative bodies, are hereby adopted for the Redding Rancheria Tribal government and all of its subordinate organizations.

- (a) All financial resources and other assets of the Redding Rancheria shall be accounted for in accordance with Generally Accepted Accounting Principles as applicable to Indian Tribal governments, and in accordance with the following policies:
 - (1) The accounting records of the Redding Rancheria shall be maintained within the Tribal offices or those of subordinate organizations.

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- (2) The accounting year for the Tribe and all of its subordinate units shall be the Calendar Year.
- (3) All resources over which the Tribal Council exercises any form of governmental, fiduciary or agent responsibility shall be accounted for within Tribal accounting records and reports, provided that certain enterprises and subordinate units, with approval of the Tribal Council, may maintain independent accounting and reporting systems in accordance with the provisions of this policy.

SECTION 7: GENERAL ACCOUNTING POLICIES AND FINANCIAL STATEMENTS

(a) Summary of Significant Accounting Policies

The financial statements of The Redding Rancheria shall be prepared in conformity with Generally Accepted Accounting Principles (GAAP), as applied to government units, promulgated by Governmental Accounting Standards Board (GASB).

(1) Reporting Entity

- (A) In evaluating how to define the Redding Rancheria Tribal government, for financial purposes, all potential component units shall be considered for inclusion. The inclusion of a potential component unit in the Tribal financial statements shall be based on the criteria set forth in GAAP.
- (B) To be excluded from the reporting entity are certain agency funds where the assets of other funds, governments or entities are accounted for. These funds are custodial in nature and do not involve measurement of operations. The Tribe contributes to various boards and agencies but does not control or exhibit other manifestations of oversight responsibility over those entities. Accordingly, the operations of those entities shall be excluded from the Tribe's financial statements.

(2) Fund Accounting

The Tribe shall use fund and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

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(3) Basis of Accounting

- (A) The accounting and financial reporting treatment applied to a fund shall be determined by its measurement focus. All governmental funds shall be accounted for using a current financial resources measurement focus.
- (B) All proprietary funds and pension trust funds are to be accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of these funds are included on the balance sheet.
- (C) The modified accrual basis of accounting shall be utilized for all governmental fund types and agency funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (when they become both measurable and available).
- (D) The accrual basis of accounting shall be utilized for proprietary fund types, pension trust funds and private purpose trusts. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.
- (E) The Tribe shall report deferred revenue on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the government before it has a legal claim to them, as when grant monies are received prior to incurring qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

(4) Budgets and Budgetary Accounting

- (A) Budget basis revenues and expenditures shall be presented on the modified accrual basis for governmental funds.

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(B) Budget Accounting

- (i) The Tribal Council legally adopts the budget for the Redding Rancheria annually, prior to January 1, through passage of a Tribal Council Resolution. The resolution authorizes fund appropriations. Appropriations authority shall be reported based on the year of appropriation.
 - (ii) Major capital projects, investments in enterprises and major borrowings, including those requiring General Council approval, shall be accounted for separately from other budgets.
 - (iii) Unexpected additional resources or appropriations may be added to the budget through the use of a supplemental budget. Supplemental budgets shall be accounted for as separate budget authority, unless the appropriating action specifies differently.
 - (iv) Original and supplemental budgets may be modified by the use of appropriation transfers between authorized purposes and programs. All such transfers shall be formal and shall be accounted for within financial reports.
 - (v) Budgeted amounts presented within financial statements shall be those originally adopted as amended by the Tribal Council.
 - (vi) All actions related to budget shall be formally acted upon in accordance with Chapter TP 4-200 Budget Administration of this policy.
- (5) Investments shall be reported at market value.
 - (6) Short-term Inter-fund Receivables/Payables: Inter-fund receivables and payables arising from the course of operations, between individual funds for goods provided, services rendered, working capital advances and for other purposes shall be classified as "due from other funds" or "due to other funds" on the balance sheet.
 - (7) Advances to Other Funds: Non-current portions of long-term inter-fund loan receivables shall be reported as advances and are offset

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equally by a fund balance reserve account which indicates that they do not constitute expendable available financial resources and therefore are not available for appropriation.

- (8) Inventories shall be valued at cost, which approximates market, using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased, provided that minor amounts of general supplies shall be expensed when purchased.
- (9) Prepaid Items: Material payments made to vendors for services that will benefit periods beyond the current year shall be recorded as prepaid items.
- (10) Restricted Assets: Certain resources shall be set aside for the repayment of bonds or notes, to the extent that debt instruments or Tribal policy requires. A portion of annual earnings may be set aside to cover potential uninsured losses, operating funds in the case of a shutdown, capital improvements and major repairs, as determined by the appropriate authority. These restricted funds shall be invested through an outside investment manager and local banks and shall be accounted for as such within financial statements.
- (11) Fixed Assets
 - (A) Fixed assets which are acquired or constructed for general governmental purposes shall be reported as expenditures in the fund that finances the acquisition and are capitalized at cost, or estimated historical cost, in the General Fixed Assets Account Group. However, infrastructure assets (public domain fixed assets such as roads, bridges, streets, curbs, gutters, storm drainage systems, etc.) shall not be capitalized. Fixed assets acquired by proprietary funds are capitalized at cost within those funds.
 - (B) Depreciation shall be reported within financial statements for general fixed assets, and records shall be maintained for the purpose of recovering the costs of depreciation in conjunction with use of Tribal assets on the same basis as for proprietary funds. Depreciation of exhaustible fixed assets used by proprietary funds shall be charged as an expense against their operations, and shall be computed using the straight-line method with estimated useful lives as follows:

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|-------|-----------------------|------------|
| (i) | Buildings | 20 years |
| (ii) | Building improvements | 7-20 years |
| (iii) | Equipment & furniture | 3-10 years |

- (C) The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives and/or equipment with an acquisition cost of less than \$5,000 shall not be capitalized. Improvements shall be capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.
- (12) **Compensated Absences:** The current portion of accrued compensated absences shall be recorded within the fund in which they arose and the long-term portion shall be recorded in the General Long-term Debt Account Group. The liabilities for compensated absences for proprietary type funds shall be recorded in each fund's statements and no liability is recorded for non-vesting accumulating rights to receive sick pay benefits.
- (13) **Long-term Obligations:** Long-term debt shall be recognized as a liability of a governmental fund when due. For other long-term obligations, only that portion expected to be financed from expendable available financial resources shall be reported as a fund liability of a governmental fund. The remaining portion of such obligations shall be reported in the general long-term debt account group. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.
- (14) **Fund Equity:** Contributed capital shall be recorded in proprietary funds that have received capital grants or contributions from developers, customers or other funds. Reserves represent those portions of equity not appropriate for expenditure or legally segregated for specific future use. Designated fund balances represent tentative plans for future use of financial resources.
- (15) **Interfund Transactions**
- (A) Quasi-external transactions are to be accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as

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reductions of expenditures/expenses in the fund that is reimbursed.

- (B) All other interfund transactions, except quasi-external transactions and reimbursements, shall be reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other inter-fund and intra-fund transfers are to be reported as operating transfers.

- (16) Miscellaneous provisions regarding financial statements.

Memorandum Only - total columns on the General Purpose Financial Statements, comparative data for prior years and other information shall be presented as required by GAAP in year-end financial statements.

- (b) Accounting for Revenue

- (1) Recognition of revenue for governmental funds.

- (A) Revenue on governmental funds shall be accounted for on the modified accrual basis of accounting, provided that;

- (i) Proceeds of contracts, grants and Self-Determination Agreements shall be accounted for in direct proportion to allowable expenditures of such awards, which give rise to a Tribal claim for such revenues.
- (ii) Earnings on deposits or short duration instruments of the United States Government shall be considered available and spendable as earned.
- (iii) Earnings on funds, the principle of which are invested in other than the deposits or short duration instruments of the United States Government shall be adjusted to record the assets at their market value.

- (2) Recognition of income for proprietary, and pension trust funds.

- (A) Revenue on proprietary and pension trust funds shall be accounted for on the accrual basis of accounting and accounted for at market value.

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(3) General Allocation Rules

- (A) All revenue of the Tribe shall be accounted for in the authorized Tribal fund, for which such revenue is derived or the operation from which such revenue results. Fund policies adopted by the Tribal Council pursuant to Chapter TP 4-300 Fund Authorization of Redding Rancheria Tribal Policies shall direct the accounting of revenues.
- (B) All revenue of the Tribe which is not required to be accounted for within another fund, as provided by Tribal laws or policies, shall be accounted for within the General Fund as general revenue.
- (C) Revenues collected by governmental operations, resulting from the administration of Tribal laws, in the form of fines, fees, taxes, permit sales or other such collections shall be accounted for within the General Fund as general revenue.
- (D) Proprietary Funds
 - (i) Enterprise Funds: Any and all revenues resulting from the operation of an enterprise and collected in the normal course of business in which the enterprise is involved. Interest and other investment earnings on any deposits of resources of the enterprise, whether held in common with other Tribal funds or invested separately, shall be credited to the enterprise.
 - (ii) Internal Service Funds: Any and all revenues resulting from the operation of the internal service and collected in the normal course of business in which the internal service is involved, shall be credited to the appropriate internal service fund. Investment earnings on assets accounted for within internal service funds shall be credited to the internal service funds.
 - (iii) Fiduciary Funds: Any and all contributions, earnings, or other revenues generated by or for such funds shall be credited to the appropriate Trust or Agency Fund.

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SECTION 8: SPECIAL CONSIDERATIONS FOR BUSINESS OPERATIONS

To the extent that any enterprise or internal service fund conducts business, the nature of which cannot be accurately or appropriately accounted for or reported under any of the foregoing policies, then the Chief Financial Officer shall recommend to the Tribal Council specific provisions to be included within this Chapter covering the special considerations for such business operation.

SECTION 9: INTERIM FINANCIAL REPORTS

Within 45 days after the end of each calendar quarter, interim financial reports shall be submitted to the Tribal Council for review. Such interim financial statements shall include balance sheets and appropriate statements of revenue or income for each fund, but shall not be required to contain extensive notes required for audited year-end financial statements. The Chief Financial Officer shall include explanatory notes on any major transactions for the period or any other issues which should be considered by the Tribal Council.

SECTION 10: YEAR END FINANCIAL STATEMENTS

Within 90 days after the end of each Calendar Year, the Chief Financial Officer shall submit completed Financial Statements to the Chief Executive Officer and to Independent Auditors selected by the Tribal Council. Such financial statements shall contain all necessary notes, disclosures and schedules for publication upon certification by the Independent Auditor. The Chief Executive Officer shall schedule a review of the final statements with the Tribal Council and shall together with the Chief Financial Officer present a discussion of any issues requiring attention of the Tribal Council.

SECTION 11: AUDITED FINANCIAL STATEMENTS

Annual Audits shall be conducted and Audited Financial Statements shall be published in accordance with Chapter TP 4-600 Audit and Internal Control of the Redding Rancheria Tribal Policies. Upon completion of work by Independent Auditors the Chief Financial Officer shall concur in and make any necessary adjustments to the final financial statements and shall resubmit them to the Independent Auditors as expeditiously as possible. Any unresolved audit issues that impact the auditors' opinion or the timely release of audited financial statements shall be handled in accordance with Chapter TP 4-600 Audit and Internal Control.

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Legislative History:

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Amended by Tribal Council Resolution #7-21-98, dated July 21, 1998.

Amended by Tribal Council Resolution #038-09-02-03, dated September 2, 2003.

Amended by Tribal Council Resolution #058-10-24-06, dated October 24, 2006.

Amended by Tribal Council Resolution #011-02-11-14, dated February 11, 2014.

Amended by Tribal Council Resolution #026-05-11-21, dated May 11, 2021.