

Red Feather Mountain Library District Financial Policy

Reviewed and approved by the Red Feather Mountain Board of Trustees March 22, 2022

Accounting Principles and Standards

The accounting principles of the Red Feather Mountain Library District (RFMLD) shall be based on Generally Accepted Accounting Principles (GAAP) as adopted by the Governmental Accounting Standards Board (GASB). The Finance Committee, a sub-committee of the RFMLD Board of Trustees (hence, the Board), provides oversight for the accounting process.

System of Recording

The RFMLD will use a combination of recording procedures: (i) QuickBooks Non-Profit or other approved accounting system; (ii) spreadsheet software for projects as needed; (iii) other approved recording procedures, as needed.

Storage of data

Management of Financial Records will adhere to the RFMLD's policy for retention, archives and destruction of records as mandated by C.S.R.24-72-203 I.

Accounting Through Internal and External Controls

The Board of Trustees will select banks which are FDIC insured and authorize at least two (2) Board members plus the Director to conduct the financial transactions of the Library.

- 1. Issuing Checks:** Two authorized signatures are required for each check.
- 2. Deposits:** Deposits into the savings account will be made by either physically taking funds to the bank or depositing checks online. The RFMLD will utilize the software provided by the bank to deposit checks online. The Library will follow the online deposit policies of the bank. Only authorized Board members or the Director may deposit checks online.
- 3. Incidental Expenses:** The RFMLD may distribute debit cards to the Director and

designated Library staff for small purchases. Maximum monthly limits for each card will be determined by the Board. The Library's change box may also be used for incidental expenses. Incidental expenditure shall not exceed \$200/day. Expenditures in excess of daily or monthly limits must be pre-approved by the director and one other authorized signer.

4. **Reimbursable Grant Expenses:** The RFMLD may issue a debit card to the Library Director to cover reimbursable grant expenses and reoccurring scheduled charges only. Maximum monthly limits will be determined by the Board. Expenditures in excess of daily or monthly limits must be pre-approved by the director and one other authorized signer. The Library Director will authorize the grant principal investigator to use this debit card when needed.

Reconciliations

To ensure timely, complete and accurate analysis, the review of material and/or significant general ledger accounts on a regular basis, the Financial Librarian shall complete reconciliations of all library bank accounts once a month and present the findings to the Finance Committee for further review and analysis. Monthly reports will be discussed at the Board meetings.

Financial Analysis and Reporting

To ensure the financial health of the RFMLD and the accuracy of all financial transactions performed by the Financial Librarian, a professional Accountant/CPA will review and analyze all such transactions on a quarterly basis and or as needed. The professional Accountant/CPA will also prepare all quarterly and yearly state and federal IRS reports. The Financial Librarian will ~~disperse~~ distribute the reports to the proper authorities.

Audit Policy

To ensure the accuracy of all financial transactions throughout each fiscal year, to evaluate all financial procedures for correctness and to adhere to the Colorado Audit Law there shall be an annual audit or application for exemption from audit undertaken by a professional Accountant/CPA. Results shall be sent to the State of Colorado Office of the State Auditor, Local Government Audit Division by the deadline date each year. See State Audit Law C.R.S. # 29-1-604(3).

A full audit is to be conducted at any time that the Board so directs.

Revenues

The revenues of RFMLD consist of Larimer County property taxes, grant receipts, interest, donations/contributions and receipts from library services.

All monetary or in-kind donations received by the Library will be recorded and acknowledged. The Financial Librarian will allocate monetary donations to the appropriate “Restricted/Unrestricted” accounts according to the donor's instructions.

The funds for library services will be held in the Library change box.

Liabilities

Purchase Order Documents shall be completed by designated library employees and subject to periodic review by the Director. All accounts payable transactions will be completed within stated payment deadlines. All documents will be stored digitally.

Tax Exempt Status

As a “Political Subdivision of Local Government” in the State of Colorado, the RFMLD is exempt from Colorado sales tax. Originals and copies of the tax exempt certificate are on file in the Library office. Payment of sales tax through Library transactions is prohibited except under the following circumstances: there is no reasonable way to complete a necessary Library purchase without the payment of sales tax or such payment provides a clear cost-savings for the Library. Oversight and review of sales tax purchases will be done by the Library Director and/or the Library Board on a case-by-case basis.

Bank Account Management

The RFMLD will maintain a business savings account, a checking account and a debit account. If funds exceed that insured by FDIC, a second bank will be selected to hold funds beyond that amount. All revenues shall be deposited into the savings account. Funds shall be transferred to appropriate accounts as needed for the smooth operation of the Library. Transfers among savings, debit and checking accounts will be executed by an authorized signer. Authorized signers will be designated by the Board.

Sub-accounts are taxes, grants, donations/contributions, interest and service charges. Regular saving account funds shall be allocated to sub-accounts as necessary. The funds are to be tracked in-house by the Financial Librarian via the RFMLD's bookkeeping system

Financial Oversight Documentation

Records associated with library accounts, budgets, income/expenses and all other accounting/bookkeeping procedures will be available as needed for the Finance Committee, the Board Treasurer and the Board.

Revision history

*Reviewed and approved by the Red Feather Mountain Board of Trustees March 22, 2022
Section 'Accounting Through Internal and External Controls' revised and approved by
the Red Feather Mountain Library District Board of Trustees on January 25, 2017.*

*Revised and approved by the Red Feather Mountain Library District Board of Trustees
on September 28, 2016.*

Minor wording change ('Administrative Assistant' to 'financial librarian' Jan. 27, 2016.

*Revised and approved by the Red Feather Mountain Library District Board of Trustees
on April 23, 2014.*

Revised May 21, 2013.

Revised and approved May 26, 2010.

Revised and approved March 25, 2009.

*Approved by the Red Feather Mountain Library District Board of Trustees on October
22, 2008.*