

## **2.1. Audit Policy**

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It is the policy of the District to engage a qualified certified public accounting firm/individual to conduct an independent examination of the District's financial statements in accordance with Generally Accepted Governmental Auditing Standards.

As required by the Colorado Revised Statutes, Local Government Audit Law, 29-1-601 through 29-1-608, and Library Law, 24-90-109, the Board of Trustees of the Poudre River Public Library District shall ensure that an annual audit of the financial affairs and transactions of all funds and activities of the District be conducted for each fiscal year.

The audit report:

### A) Content

Financial statements including Management's Discussion and Analysis setting forth the financial position and results of operation of each fund and activity of the Poudre River Public Library District and a comparison of actual figures with budgeted figures for each fund or activity for which a budget has been prepared.

The opinion of the auditor with respect to the financial statements of the District.

Full disclosure by the auditor of violations of state or local law and material weaknesses in internal control which are identified during the audit process.

### B) Submission of report

Audit shall be completed and the audit report submitted by the auditor to the Poudre River Public Library District Board of Trustees no later than the June Board meeting.

One copy of the audit shall be sent to the state auditor within thirty days after receipt by the District of the audit but no later than July 31st.

### Responsibilities

A) The Finance Committee, comprised of three members of the Board of Trustees, working with the Director of Finance and the Library Director, will initiate a formal Request for Proposal (RFP) process at least every five years to acquire the services of an auditor. The committee will evaluate submitted proposals, conduct interviews if necessary, and select a certified public accountant or certified public accounting firm. The annual contract for audit services may be renewed for additional four years pending approval of the audit committee and the Board of Trustees.

B) The Board of Trustees shall approve the selection of a certified public accountant or certified public accounting firm, based on the recommendation of the Audit Committee, at the close of each fiscal year.

C) The Finance Officer will be responsible for the preparation of a working trial balance, analyses of various accounts, complete files of Board minutes, contracts, bank confirmations, and any additional schedules or information necessary to complete the audit. The Finance Officer will also be responsible for the production work necessary to complete the final audit reports.

D) The District may use the same certified public accountant or certified public accounting firm as the City of Fort Collins as long as the District is contracting with the City for its accounting services, the auditor is selected as the result of an RFP process and the District Finance Officer is involved in that RFP process.

ADOPTED: May 10, 2010

## **2.2 Budget Policy**

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The District shall adopt an annual budget in accordance with part 1 of article 1 of title 29, C.R.S. This budget will be for the ensuing calendar year and will be adopted on a basis consistent with Generally Accepted Accounting Principles.

The Executive Director is specifically authorized to make budget transfers between operating accounts within a fund. Any transfer of budgeted funds to or from a specifically approved capital project, and any change in the total budget for each fund require approval of the Board of Trustees.

A Capital Reserve is established and will be funded annually based on 3%-5% of the annual budgeted revenue. The intent of this reserve is to accumulate funds for major repair or replacement of District facilities and/or equipment, and for new or expanded facilities. This reserve will be maintained separate from the District's General Fund in a Capital Projects Fund.

A Working Capital/Operating Reserve is established equal to 20% of budgeted revenue. This reserve will be maintained in the General Fund to provide for the cash flows needs of the District.