



FINANCIAL POLICY

The purpose of financial management in the operation of all Rocky Mountain College activities is to fulfill the organization's mission in the most effective and efficient manner and to remain accountable to stakeholders, including federal funding agencies, donors, students, employees and the community. In order to accomplish this, RMC commits to provide accurate and complete financial data for internal and external use by the college administration and the Board of Trustees.

Authority

- The Board of Trustees is ultimately responsible for the financial management of all activities.
- The Treasurer/CFO is authorized to act on the Board's behalf on financial matters when action is required in advance of a meeting of the Board of Trustees.
- The Chief Financial Officer is responsible for the day-to-day financial management of the College. The Board authorizes the CFO to hire and supervise staff, pay bills, receive funds, and maintain bank accounts.
- The President, CFO, Provost and Vice President of Student Services are authorized to sign checks on College bank accounts. Checks for amounts \$5,000 or greater shall require two signatures.
- The President, CFO and Vice Presidents are authorized to enter into contracts for activities that have been approved by the Board as a part of budgets or plans. The Board of Trustees must authorize any contracts outside of these parameters and all contracts with a financial value greater than \$100,000.
- The CFO is authorized to manage expenses within the parameters of the overall approved budget, reporting to the Finance Committee on variances and the reason for these variances.
- The Board of Trustees must approve any use of the Board designated cash reserve fund.

Responsibilities

The Chief Financial Officer shall:

- Account for donor restricted and Board designated funds separately from general operating funds, and clearly define the restrictions applicable to these funds.
- Report the financial results of RMC operations on the schedule established by the Finance Committee. (Monthly actual versus budget for general operations to include cash flow report, and annually for all funds.)
- Pay all obligations and file required reports in a timely manner.
- Make no contractual commitment for bank loans, or for real estate lease or purchase without specific approval of the Board.
- Record fixed assets with a purchase price of \$1,000 and above in accounting records as capital assets. Depreciation of capital assets will not exceed ten years for furniture and equipment or five years for computer and other technology equipment.

- Limit vendor credit accounts to prudent and necessary levels.
- Obtain competitive bids for items or services costing in excess of \$5,000 per unit. Selection will be based on cost, service and other elements of the contract. RMC may award the bid to any provider and is not required to accept the lowest cost proposal. When using established vendors bids will be requested at least bi-annually.

The Board of Trustees shall:

- Review financial reports at each board meeting.
- Provide adequate training to members to enable each member to fulfill their financial oversight role.
- Inform the College of any conflicts of interest and act according to the Conflict of Interest Policy.

Financial Transactions with Insiders

No advances of funds to employees, officers, or directors are authorized, with the exception of travel advances. Direct and necessary expenses related to carrying out responsibilities shall be reimbursed or paid with RMC purchase orders or credit cards.

In no case shall RMC borrow funds from any employee, officer or director of the organization without specific authorization from the Board of Trustees.

Budget – See Budget Policy

In order to ensure that planned activities minimize the risk of financial jeopardy and are consistent with Board-approved priorities, long-range organization goals, and specific five-year objectives, the CFO shall:

- Submit operating and capital budgets to the Finance Committee in time for reasonable approval by the Board prior to each fiscal year.
- Use responsible assumptions and projection background, with a general goal of an unrestricted surplus.

Gift acceptance – See Gift/Endowment Policy

RMC will accept cash, credit cards, stock or other negotiable instruments as a vehicle for donors to transfer assets to the College. Transfer and recording the value of the asset shall be done in a consistent manner and in compliance with accounting standards. The CFO shall sell any stock given to the organization immediately upon receipt by the organization.

RMC shall accept contributions of goods or services other than cash that are related to the programs and operations of the College.

Asset Protection – See Cash Management Policy

In order to ensure that the assets of RMC are adequately protected and maintained, the CFO shall:

- Insure against theft and casualty losses to the organization and against liability losses to the Board members, staff, or the organization itself to levels indicated in consultation with suitable professional resources.
- Plan and carry out suitable protection and maintenance of property, buildings, and equipment.
- Avoid actions that would expose the College, its Board, or staff to claims of liability.
- Protect intellectual property, information and files from unauthorized access, tampering, loss or significant damage.
- Receive, process and disburse funds under controls that are sufficient to maintain basic segregation of duties to protect bank accounts, income receipts, and payments.

Reserve Policy

- Expectation of an unrestricted fund balance of 8 percent of the general operating budget (excluding capital outlay). These funds will be used to avoid cash flow interruptions, generate interest income and reduce the need for short-term borrowing.
- Establish a contingency reserve to provide for unanticipated expenditures of a nonrecurring nature, or to meet unexpected increases in service delivery costs. This reserve will be budgeted at 1.5 percent of the general fund revenue estimated for that fiscal year.
- Maintain sufficient reserves as established by professional judgments based on the funding techniques used and loss records. (Annuity liability, short term disability, unemployment insurance)

Debt Policy

Rocky Mountain College will try to avoid the use of short-term borrowing by establishing and maintaining adequate reserves. However, should short-term borrowing be needed for cash flow purposes, it must be repaid in as short a time as possible.

- The College will limit its overall debt to a level that supports its current and future strategic objectives. In considering debt capacity and affordability, the College will compare its financial ratios to other institutions and to its peer group.
- Total debt service will not exceed 7 percent of the total operating revenues.
- Long -term debt will not be used for current expenses.
- When capital projects are funded with long-term debt, the debt will be repaid within a period not to exceed the expected useful life of the project (asset).
- The College will follow a policy of full disclosure on every financial report and debt statement.
- All long-term debt obligations will be approved in advance by the Board of Trustees.
- Annual debt interest and principal amortization payments will be provided for in the annual operating budget or in specific designated or restricted funds. Variable-rate interest will be budgeted conservatively.

Transfers and Borrowings between Funds

Interfund transfers are allowable in accordance with generally accepted accounting principles, but may on occasion require special attention. All interfund transfers shall be reviewed by the chief financial

officer. In addition, such transfers may be reviewed with the cognizant vice president to assure they are allowable and have been authorized at the appropriate level.

Interfund borrowing is generally not permitted except for the following:

- Quasi endowment or board designated funds may be used to secure debt or provide short term working capital. In addition, such funds may be used for advance spending for a capital project. All such loans must be approved by the Board of Trustees.
- Interest rates approximating the rate at which the College can earn income from short-term investments at the time when the loan is originated will be calculated.