

# Financial Policy

## PURPOSE

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Sound financial reporting is an essential element of public-sector accountability to the citizens they serve. This policy defines basic accounting and cash control policies. It is designed to protect and enhance the security of Larsen-Sant Library, Franklin County Library District's financial functions, promote the maintenance of accurate records of financial activities, and facilitate compliance with governmental and private funding source reporting requirements. The Library Board of Trustees formulates policies and supervises the Library Director who is responsible for the daily operations and activities of the library.

## FISCAL AUTHORITY

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### **Library Board of Trustees:**

The financial resources Larsen-Sant Library, Franklin County Library District (Library) are the responsibility of the Larsen-Sant Library, Franklin County Library District Board of Trustees (Board). The Board are elected officials and serve without compensation. The Board is responsible to:

- Provide guidelines for management and allocation of financial resources which seek to produce optimum benefit for those we serve.
- Monitor and evaluate the financial plans of the Library and to maintain the financial integrity of the Library.

### **Library Director/Assistant Director (Directors):**

An annual operating budget will be prepared by the Directors and presented to the Board for approval pursuant to Idaho Code Section 33-2725 and the corresponding requirements of public notice and public hearing. The budget will reflect the estimated cost of carrying out the

programs and services of the Library for the next fiscal year and the anticipated revenues of the Library. The Library Directors are the primary purchasing agent for the library and are responsible for all library contracts, orders, and purchases. The Directors shall select products, services and vendors that best meet the needs and goals of the library. In making decisions regarding selection of products and services for the library, the Directors will comply with Idaho Code and should consider relevant factors which include, but are not limited to: Suitability, Availability, Quality, Workmanship, Price, and Delivery. The Directors may delegate the responsibility for ordering selected products and services to other employees as the Directors deemed appropriate or necessary to accomplish the goals of the library. Please see the Library Purchasing Guidelines and Procedures for information regarding library purchasing procedures.

Directors will record library transactions to accurately reflect library operations. Monthly reports will be presented to the Board that include individual payments made from library accounts. Quarterly reviews (or more frequently as may be requested) of all accounts will be provided by the library Director to the Board. The Directors coordinates the annual audit with an independent auditor.

To help reduce the risk of financial loss to the library, the Director will implement procedures to:

- Prevent embezzlement
- Ensure against liability losses (to Board members, the Library or to Library funds)
- Properly maintain facilities and equipment. Limit exposure of the Library, the Board and the staff to claims of liability
- Ensure funds are disbursed only in compliance with Board authorization and applicable state laws

**Library Staff:**

Will prepare budgetary requests annually during the development process. All library staff will be familiar with this policy and the

Purchasing Guidelines and Procedures and will exercise fiscal responsibility in regards to their use of library funds. Employees are to follow the District's Purchasing Guidelines and Procedures when making purchases on behalf of the District. Employees who make unauthorized purchases will be subject to disciplinary action including possible dismissal.

## **BASIS OF ACCOUNTING**

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The accounts of the Library are maintained on the modified accrual basis of accounting. All Library monies are considered part of the General Fund, Capital Projects Fund, Capital Replacement and Repair Fund or Restricted Funds. Restricted Funds include fund balance amounts that are constrained for specific purposes which are externally imposed. Restricted Funds include revenue connected with gifts and memorials donated to the Library and/or otherwise restricted funds. The Library's fiscal year is October 1 through September 30. The financial statements of the Library shall be independently audited annually in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards and applicable law. Annual audits are submitted to the online central registry and reporting portal on the legislative services office website.

## **BUDGET PROCESS**

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The Director is responsible for preparing an annual detailed budget estimate for submission to the Board of Trustees in compliance with Idaho Code Section 33-2725. The budget is prepared on the modified accrual basis of accounting consistent with the basis used for financial reporting. The Library Board is responsible for revising and adopting the budget estimate for publication, holding the necessary public hearings, and for adopting the appropriate budget resolutions. After the action of the Library Board, the budget is submitted to Franklin County Clerk's Office who submits it for approval to the Idaho State Tax Commission and is made available on the library's website. The budget development process typically begins in February, the Franklin County clerk is notified of public hearing date by March 30th, the preliminary

budget is presented to the Board for review in July, and is put forward for formal consideration at a public hearing in August (per Idaho Code Section 33-2725). The L-2 is submitted to the county by the first week in September. In January of each year, the most recent adopted budget and a comparison of the budget to actual revenues and expenditures for the most recently completed fiscal year is submitted to the online central registry and reporting portal on the legislative services office website. After the library budget has been duly approved and funds have been appropriated, the Director is authorized to expend funds within the confines of the budget's categories. The Director will also be responsible for notifying the Board of anticipated insufficiencies in any fund category that may require a budget amendment and/or the future transfer of funds between accounts. To amend the budget a public hearing is held. Legal notice of the proposed amended budget and the time of the public hearing is published. The proposed amended budget is presented at a special public meeting where comments from the public are heard. The amended budget is to be approved by the Board of Trustees before adopted.

## APPROVAL OF LIBRARY EXPENDITURES

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The Director will submit for approval a list of bills - for the prior month to the Board at each regular Library Board meeting. The Board Treasurer selects bills from the bill listing and reviews supporting documentation each month. The Director is authorized to make payment for budgeted expenses in advance of such approval in order to take advantage of discounts or to meet due dates. Such payments are ratified by the Board after review of the monthly bill listing. No draft on a checking account of the Library is valid without the signature of the Library Directors or a member of the Library Board. All payments are reviewed and approved by the Library Director. The Library Director reports monthly to the Library Board on the year-to-date status of revenues and expenditures as compared to the budget.

## CASH RECEIPTS POLICY

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Each day, the monies from the registers, self-pay machines, cash and checks (grants, donation, etc.), are dual counted and reconciled. The money is stored in a secure place. Monies are deposited in the bank periodically depending on the amount of cash received.

Donations are acknowledged with a thank you letter that serves as a donation receipt. Funds received that are restricted in use by a grant agreement or donation stipulation are restricted for that purpose. Use of those funds are tracked by the Directors

Property tax and sales tax payments are electronically deposited into the Library checking account. Notification is sent by Franklin County as the tax funds are remitted. The electronic property tax and sales tax deposits are reconciled to the remittances sent from the County as part of the bank statement review.

## BANK STATEMENTS AND RECONCILIATION REPORTS

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Bank statements are downloaded directly from the bank website by the Library Director, reviewed by the Library Director and forwarded to the Assistant Director for review, the Library Director confirms payroll transfers, property tax deposits, sales tax deposits, payroll tax transfers and PERSI transfers as well as confirming transfers to and from Library bank accounts. The Library bank accounts are reconciled monthly by the Directors.

## INVESTMENTS

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Idaho Code provides authorization for the investment of funds as well as specific direction regarding allowable investments. The District's policy is consistent with this direction. The District currently invests in interest bearing bank accounts and the State of Idaho local government investment pool. It is the responsibility of the board to oversee the investment of funds.

## FINANCIAL RESERVE AND CARRY OVER POLICY

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Annually, after the annual audit, the fund balances will be reviewed. Reserve balances will be reviewed to insure adequate reserves in the General Fund sufficient to maintain district operations. A proposed transfer will be presented for board approval to transfer carry over funds from the General Fund to the Capital Replacement and Repair Fund. The District follows Idaho Code Section 33-2724 (3) and 33-2724 (4) that pertains to carry over balances and capital asset replacement and repair funds.

## CREDIT CARDS

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The Directors cards will be given to staff who frequently make purchases for Library events, have frequent travel expenditures, or who order library supplies.

The Library Director will receive a credit card statement and all other staff members will submit receipts when cards are returned to the Directors. Other expenditure receipts must be submitted to the director before the end of the pay period. Budget amounts, funds, and transaction detail is monitored by the Directors.

Charges on library-issued credit cards are reviewed each month by the Library Director.

The Library Director's credit card statement is reviewed monthly by the Board Chair.

## ASSET AND INVENTORY POLICY

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Assets including property, plant, furniture and equipment will be inventoried annually.

All assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated assets which are recorded at their estimated fair value at the date of donation.

Assets do not include ordinary repairs that do not increase the value or extend the life of the asset.

A record will be maintained as items are withdrawn or retired and included with the annual review.

## CONFLICT OF INTEREST POLICY

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A conflict of interest occurs when a person has a private pecuniary interest in any library decision or action. It is also important to avoid the appearance of a conflict of interest where a person's private interests compete with his or her professional obligations to the Board-governed entity to such a degree that an independent observer might reasonably question whether the person's professional actions or decisions are materially affected by personal considerations, including but not limited to, personal gain, financial or other benefit. Public officials and employees are prohibited from having a direct or indirect interest in transactions with the units of government that they serve without appropriate disclosure. Library legal counsel will be consulted when a conflict of interest may exist and/or the legality of a transaction is in question. Library Trustees and Library Staff will be familiar with and comply with Idaho Statutes Title 74, Chapter 4 Ethics in Government as well as Library District's Conflict of Interest Policy.

## OTHER POLICIES

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If an employee or volunteer has a reasonable belief that an employee, volunteer or Trustee of Library District has engaged in any action that violates any applicable law, or regulation, including those concerning accounting and auditing, or constitutes a fraudulent practice, or a conflict-of-interest, the employee is expected to immediately report such information to the Library Director. If the employee does not feel comfortable reporting the information to the Director, he or she is expected to report the information to a board member. See the Library District –Personnel Policy section XVI Whistleblower Policy Protection for additional information. Other policies governing travel, expenses, mileage, supplies, equipment and telephone use are contained in the Library Personnel Policy.

## GIFTS AND SPONSORSHIP POLICY

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The Library District welcomes and encourages monetary gifts, bequests, endowments, and gifts of property or materials from individuals, families, local businesses, foundations and corporations.

### Guiding Principles

The following principles will guide the District in the solicitation and acceptance of gifts that support, enhance or develop library programs and services:

- All gifts and/or support must further the library's mission, goals, objectives and priorities. They must not drive the library's agenda or priorities or limit access to library services.
- All gifts and/or support must protect the principle of intellectual freedom. Sponsors may not direct the selection of collections or require endorsement of products or services.
- All gifts and/or support must ensure the confidentiality of user records. The library will not sell or provide access to library records in exchange for gifts or support.
- All gifts and/or support must leave open the opportunity for other actual or potential donors to have similar opportunities to provide support to the library.
- Gifts of books or other library materials will be accepted in accordance with the terms outlined in the Library Collection Development Policy.

### Tangible Gifts

Print, audio visual, other physical media and electronic materials will be evaluated using guidelines set forth in the Collection Development Policy. The Library reserves the right to add any donated item(s) to the collection or distribute, sell, or discard them. No conditions regarding location, use or eventual withdrawal from the collection or building can be imposed.

The decision to accept gifts such as furnishings, artwork, or equipment shall be made by the Library Director. Among the criteria on which the decision will be based are: need, space, impact on staff time, security



requirements and expense and frequency of maintenance. Such gifts will be accepted only on condition that they may be used, sold, given away or discarded at the discretion of the Library Director.

The acceptance of gifts for inclusion in Library collections or for public display on Library premises shall be considered with attention to location and suitability. All gifts become the sole property of the Library District to use or dispose of. No guarantee is made that any gift will be permanently displayed or kept by the Library.

The Library cannot assess or suggest a value for non-monetary gifts for income tax or other purposes. Letters of acknowledgment will not contain a statement of value.

The Library reserves the right to refuse any tangible gift.

### **Monetary Gifts**

Gifts of cash, securities and bequests that support the mission of the Library will be handled by the Library Director who will work out terms of acceptance that are compatible with Library policies, the donor's intent, and applicable law. The Library welcomes major gifts including those directed towards a renovation, expansion or other large project.

The Library accepts donations of money for the purchase of material in memory or honor of community residents or others. Library staff will use guidelines set forth in the Collection Development Policy in determining which materials to purchase. Although the Library cannot guarantee the purchase of specifically identified titles, donors may suggest subject areas for the use of their donation. A bookplate may be affixed to such material.

Monetary gifts without restriction are added to the Library's General Fund to be used for the purchase of materials, equipment, programs or other operating expenses.

The Library welcomes monetary gifts to be used as a restricted gift or endowment fund. Such funds require a minimum donation of \$25,000 and will be accepted on condition that if a specific use is requested, that

it is consistent with the mission, goals, and objectives of the Library, and must be approved by the Library Board.

The Library Board may remove all restrictions from a gift fund when, as a result of any restriction, there has been no expenditure from the fund for at least two years and the Board determines that the restrictions do not reasonably provide a benefit for the Library.

The Library reserves the right to refuse any monetary gift.

### **Recognition and Acknowledgement**

The library will ensure that each sponsor receives acknowledgement and to the degree that the donor is willing, public recognition. The following guidelines will be used in providing acknowledgement to and recognition of sponsors:

- A letter of acknowledgement for gifts of money and in-kind support will be sent to all sponsors and a copy will be placed on file.
- Any special recognition agreements will be stipulated in the letter.
- Public acknowledgement of sponsorship in the library's promotional materials will normally be restricted to a statement of the sponsor's name and a display of logo. Such acknowledgement will not take precedence or have prominence over the library's own logo or promotional material.
- For gifts and/or sponsorships valued at over \$500, the library may submit a press release to local newspapers and/or publish an article regarding the sponsorship in their own newsletter if the sponsor is willing.
- Acknowledgement of sponsorship may also take the following forms at the library's discretion:
  - Launch of a special program or media campaign to announce the gift.
  - Sponsor's name on promotional materials.
  - Small standardized plaques may be placed on donated furniture or equipment.
  - Library bookplates.

- In all cases, the type and scope of donor recognition required by the donor will be weighed against the benefit to the library.

### **Approval**

All gifts, grants or in-kind support given with special requirements must be approved by the Library Director. The application of grants, or solicitation of gifts, or in-kind support by library staff or Friends of the Library must receive prior approval of the Library Director or designee.