



Meridian Library District FINANCIAL POLICY

PURPOSE

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 Meridian 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

LIBRARY BOARD OF TRUSTEES: The financial resources of Meridian Library District (Library) are the responsibility of the Meridian 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: An annual operating budget will be prepared by the Director 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 Director is the primary purchasing agent for the library and is responsible for all library contracts, orders, and purchases. The Director 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 Director 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 Director may delegate the responsibility for ordering selected products and services to other employees as the Director deems appropriate or necessary to accomplish the goals of the library. Staff should refer to the Meridian Library Purchasing Guidelines and Procedures for information regarding library purchasing procedures. 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 FINANCE MANAGER: The Accounting and Finance Manager records 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 Accounting and Finance Manager to the Director and the Board. The Accounting and Finance Manager coordinates the annual audit with an independent auditor.

LIBRARY STAFF: Managers prepare budgetary requests annually during the development process. All library staff will be familiar with this policy and the Purchasing Guidelines and Procedures and as public servants 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

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 or Capital Replacement and Repair Fund. Fund balances are designated as restricted, assigned or unassigned. 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

The Director is responsible for preparing an annual detailed budget estimate for submission to the Board of Trustees. 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, and posting the adopted budget. After the public hearing and formal approval action of the Library Board, the L-2 is submitted to Ada County, Ada County submits the L-2 budget request to the Idaho State Tax Commission for approval. The finalized budget is made available on the library's website.

The budget development process typically begins in February, the Ada County clerk is notified of the annual public budget hearing date by April 30th, the preliminary budget is presented to the Board for review in July, and is put forward for formal consideration at a public budget hearing in August (per Idaho Code Section 33-2725).

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 adoption.

In January of each year, the most recently adopted budget and a comparison of the budget to actual revenues and expenditures for the recently completed fiscal year is submitted to the Local Government Entity Registry maintained by the Idaho State Controller's Office.

APPROVAL OF LIBRARY EXPENDITURES

The Director will submit for approval a list of bills for the prior month to the Library 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 Meridian Library is valid without the signature of the Library Director or a member of the Library Board. All payments are reviewed and approved by the Library Director. The Library Director and the Accounting and Finance

Manager report quarterly to the Library Board on the year-to-date status of revenues and expenditures as compared to the budget. The Library Director and Finance Manager also present quarterly the balance in each fund of the Library.

CASH RECEIPTS POLICY

Each day, the monies from the Square registers are dual counted and reconciled to cash register receipts. The money is stored in a secure place. Credit card receipts are included with the daily-register receipts. Monies are deposited to the bank either daily, at a minimum weekly, depending on the amount of cash received. Deposits are recorded on the Deposits to Bank Form. The person making the deposit will not be the same person that counted and reconciled the till. Separation of duties is maintained to the most amount possible in branch locations.

Self-pay APM/Copy machines are emptied and filled periodically during the month. The money is recorded on a Checks Received Through the Mail and Miscellaneous Receipts form. The money is counted and stored in a secure place. Cash payments received through self-pay APM/Copy machines are deposited periodically during the month. Deposits are recorded on the Deposits to Bank Form. The person who deposits the APM/Copy machine money will not be the same person who counted and record the funds on the Mail and Miscellaneous Receipts form.

All other cash and checks (grants, donation, etc.) are logged through a Checks Received and Miscellaneous Receipts form by a designated staff member. The checks are stored in a secure location. A separate staff member will prepare the deposit and complete a Deposits to Bank Form. The deposits are made daily, at a minimum weekly, depending on the amounts 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 Accounting and Finance Manager who assigns a code for the funds and staff assign the code to purchases as they are made.

Designated library staff are tasked with receiving cash and checks, counting cash and reconciling cash register drawers to ensure separation of duties. All cash and credit card receipts are recorded by the Accounting and Finance Manager through online reports generated by the cash register and patron payment software. The Accounting and Finance Manager does not complete any steps in the receipt of cash and checks, counting cash or reconciling cash register drawers.

Monthly the Accounting and Finance Manager verifies that the daily cash register receipts, the self-pay APM/Copy Machine receipts and checks received through the mail were deposited to the bank.

Property tax and sales tax payments are electronically deposited into the Library checking account. Notification is sent by Ada 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

Bank statements are downloaded directly from the bank website by the Library Director and the Accounting and Finance Manager. The Library Director reviews bank statements for an unrecognized or unusual activity. As part of the bank statement 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 Accounting and Finance Manager.

INVESTMENTS

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.

FINANCIAL RESERVE AND CARRY OVER POLICY

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 may 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

Staff members who frequently make purchases for Library events, have frequent travel expenditures or who order library supplies have been issued a credit card. The staff member assigned a card will attend required training and sign an Agreement Regarding Obligations of Holders of Meridian Library District Credit Card.

The Library Director's credit card statement is received through the mail. All other staff members are issued a credit card that utilizes an online platform to capture receipt images and transaction information. Budget amounts, funds, and transaction detail is monitored by the budget managers.

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 Treasurer of the Board or Board Chair.

FIXED ASSET CAPITALIZATION POLICY

Fixed assets are property, plant, furniture and equipment costing \$3,000 or more with a useful life of three years or more. An inventory of fixed assets will be maintained.

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

Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation.

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

A retirement record will be maintained as items are withdrawn or retired.

The fixed asset inventory should be reviewed on an annual basis.

CONFLICT OF INTEREST

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 Meridian Library District's Conflict of Interest Policy.

OTHER POLICIES

If an employee or volunteer has a reasonable belief that an employee, volunteer or Trustee of Meridian 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 Human Resources. See the Meridian Library District Whistleblower Policy for additional information. Other policies governing travel, expenses, mileage, supplies, equipment and telephone use are contained in the Library Employee Handbook.