



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 Meridian Library District Board of Trustees formulates policies and supervises the Meridian Library District 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 (MLD) are the responsibility of the Meridian Library District Board of Trustees (Board) pursuant to Idaho Code §33-2720. 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 MLD and to maintain the financial integrity of MLD.
- Approve vendor contracts over \$75,000

LIBRARY DIRECTOR: An annual operating budget will be prepared by the Library Director (Director) and presented to the Board for approval pursuant to Idaho Code §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 MLD for the next fiscal year and the anticipated revenues of MLD. The Director is the primary purchasing agent for the library and is responsible for all library contracts, orders, and purchases, ensuring compliance with Idaho Code Title 67 Chapter 28 and other applicable purchasing statutes. The Director shall select products, services and vendors that best meet the needs and goals of MLD. In making

decisions regarding selection of products and services, 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 MLD. Staff should refer to the Meridian Library Purchasing Guidelines and Procedures for information regarding MLD purchasing procedures. To help reduce the risk of financial loss to MLD, the Director will implement procedures to:

- Prevent embezzlement
- Ensure against liability losses (to Board members, MLD or to MLD funds)
- Properly maintain facilities and equipment. Limit exposure of MLD, 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 transactions to accurately reflect MLD operations. Monthly reports will be presented to the Board that include individual payments made from MLD accounts. Quarterly reviews (or more frequently as may be requested) of all accounts will be provided by the 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 budget development process. All MLD 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 MLD funds. Employees are to follow the MLD's Purchasing Guidelines and Procedures when making purchases on behalf of MLD. Employees who make unauthorized purchases will be subject to disciplinary action including possible dismissal.

BASIS OF ACCOUNTING

The accounts of MLD are maintained on the modified accrual basis of accounting. All MLD monies are considered part of the General Fund, Capital Projects Fund, or Capital Replacement and Repair fund. Fund balances are designated as nonspendable, restricted, committed, assigned or unassigned pursuant to the Governmental Accounting Standards Board's (GASB) Statement 54. Nonspendable funds include fund balance amounts that cannot be spent because they are not in spendable form or because of legal or contractual constraints. Restricted Funds include fund balance amounts that are constrained for specific

purposes which are externally imposed by providers, such as grantors, creditors, or amounts constrained due to constitutional provisions or enabling legislation. Committed funds include fund balance amounts that are constrained for specific purposes that are internally imposed through formal action of the Board of Trustees. Assigned funds include fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Unassigned funds are positive fund balances within the general fund that have not been classified in one of the aforementioned categories. . MLD's fiscal year is October 1 through September 30. The financial statements of MLD shall be independently audited annually pursuant to Idaho Code §67-450B. The audit shall follow Generally Accepted Auditing Standards, as well as the standards for financial audits outlined in Generally Accepted Government Auditing Standards and applicable laws.

Annual audits are submitted to the Local Government Registry portal on the State Controller's Office website.

BUDGET PROCESS

The Board sets a public budget hearing date annually. The budget hearing is typically held in August. The Ada County clerk is notified of the budget hearing date annually by April 30th pursuant to Idaho Code §63-802A. The Director is responsible for preparing an annual detailed budget estimate for submission to the Board. The budget development process usually begins in February. The budget is prepared on the modified accrual basis of accounting consistent with the basis used for financial reporting. The preliminary budget is presented to the Board for review in July. The Board is responsible for revising and adopting the proposed budget for publication pursuant to Idaho Code §33-2725. The proposed budget is put forward for formal consideration at a public budget hearing in August. The board is responsible for adopting the budget and appropriate budget resolutions. After the public hearing and formal approval action of the 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 MLD's website.

After MLD's budget has been duly approved and funds have been appropriated, the Director is authorized to expend funds within the budget's designated categories: Personnel, Collections, Operations and Capital. The Director will also be responsible for notifying the Board of anticipated insufficiencies in any 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 date and time of the public hearing is published. The proposed amended budget is presented at a public meeting where comments from the public are heard. The amended budget is to be approved by the Board before adoption.

Annual budgets and budget to actual comparisons are submitted to the Local Government Registry portal on the State Controller's Office website.

APPROVAL OF MLD EXPENDITURES

The Director submits for approval a list of all expenditures to the Board at each regular Board meeting. Expenditures are presented two months in arrears to allow for processing. The Board Treasurer selects expenditures from the report listings 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 MLD is valid without the signature of the Director or a member of the Board. All payments are reviewed and approved by the Director. The Director and the Accounting and Finance Manager report monthly to the Board on the fiscal year-to-date status of revenues and expenditures as compared to the budget categories. Quarterly, the Director and Accounting and Finance Manager report expanded budget to actuals the Board on an individual account basis. The Director and Finance Manager also report monthly the cash balance in each account of MLD.

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 the Checks Received Through the Mail and Miscellaneous Receipts form and run through the Square register to be processed in accordance with the cash handling procedures described above.

All other cash and checks (grants, donations, etc.) are logged through the Checks Received Through the Mail and Miscellaneous Receipts form by a designated staff member. The checks are stored in a secure location. A separate staff member prepares the deposit and completes the Deposits to Bank Form. The deposits are made daily, at a minimum weekly, depending on the amounts received. 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 MLD staff are tasked with receiving cash and checks, counting cash, reconciling cash register drawers and making deposits 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. To maintain separation of duties, 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 MLD 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 Director and the Accounting and Finance Manager. The Director reviews bank statements for an unrecognized or unusual activity. As part of the bank statement review, the Director confirms payroll transfers, property tax deposits, sales tax deposits, payroll tax transfers and PERSI transfers as well as confirming transfers to and from MLD bank accounts. The MLD 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. MLD's policy is consistent with this direction. MLD currently invests in interest bearing bank accounts through 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. MLD follows Idaho Code §33-2724(3) and §33-2724(4) that pertain to carry over balances and Capital Asset Replacement and Repair funds.

CREDIT CARDS

Staff members who frequently make purchases for MLD events, have frequent travel expenditures or who order library supplies have been issued a credit card. Staff members are issued a credit card that utilizes an online platform to capture receipt images and transaction information. Budget amounts, utilized funds, and transaction details are monitored by managers and supervisors with budget authority. The staff member assigned a card will attend required training and sign an Agreement regarding obligations of holders of MLD credit cards.

Charges on MLD-issued credit cards are reviewed each month by the Director. The Director's credit card statement is reviewed quarterly by the Treasurer of the Board and the 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 is maintained. A retirement record is maintained as items are withdrawn or retired. Fixed asset inventory is reviewed on an annual basis in alignment with the annual audit.

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.

CONFLICT OF INTEREST

A conflict of interest occurs when a person has a private pecuniary interest in any MLD decision or action. It is 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. MLD legal counsel will be consulted when a conflict of interest may exist and/or the legality of a transaction is in question. Board Trustees and MLD Staff will be familiar with and comply with Idaho Code Title 74 Chapter 4 Ethics in Government as well as MLD's Conflict of Interest Policy.

OTHER POLICIES

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