

HANSEN FREE LIBRARY DISTRICT

FINANCIAL POLICY

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 Hansen Free 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 Hansen Free Library District are the responsibility of the Hansen Free Library District Board of Trustees. 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 for 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 for the library. The Director may delegate the responsibility for ordering selected products and services to other employees as the Director deems appropriate or necessary.

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 staff to claims of liability
- * Ensure funds are disbursed only in compliance with Board authorization and applicable state laws
- * Prepare checks per submitted invoices. Director will write the checks but does not have signing authority for the checking account. Prepare a detailed list of transactions from both the checking and savings accounts, as well as the ICCU savings and LGIP accounts. Ensure that the prepared checks are mailed following the meeting.
- * Prepare checks for established vendors should those regularly occurring invoices not arrive to the Library before the meeting date.
- * Reconcile the QuickBooks register with the online bank balance on a monthly basis.
- * Have access to the online checking and savings accounts at First Federal, even though the Director is not a signatory to those accounts. This access is to allow for transfers when paying the bills and also to reconcile the Quickbooks to the online bank balance.
- * Is a signatory to the savings accounts at Idaho Central Credit Union and also has access to the online accounts.
- * Serves as the administrator for the LGIP (Local Government Investment Pool) account and has access to the online account.
- * Prepares the annual budget and any requested budget vs spending reports throughout the fiscal year.
- * Prepares and submits the year-end financial reports as required by the Idaho Central Registry.

Treasurer:

Trustees of the Hansen Free Library District will serve as treasurer on a rotating basis. The insurance policy through the Idaho Counties Risk Management Program (ICRMP) provides a bond for employees and trustees serving as treasurer.

- *Open the mailed bank statements and reconcile the checking account with the bank statement.
- * Review the prepared checks with the corresponding invoices. Sign checks.
- * Review the credit card receipts and compare to the credit card statement.

Trustees:

The director will give the financial report at monthly meeting that includes a detailed list of transactions from both the checking and savings accounts, as well as the balances for the

ICCU savings and LGIP accounts. A trustee, not the treasurer, will review the checks and corresponding invoices, and then provide the second signature for the prepared checks.

Library Staff:

All library staff will be familiar with this policy and, as public servants, will exercise fiscal responsibility in regards to their use of library funds.

Basis of Accounting:

The library's fiscal year is October 1 through September 30.

The accounts of the library are maintained on the modified accrual basis of accounting.

Budget Process:

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 Twin Falls 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 Twin Falls County clerk is notified of public 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 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.

Cash Receipts Policy:

Cash received is dual counted and reconciled to the cash register receipt log on a weekly basis. The money is stored in a secure place.

Petty cash of \$100 will be held on the premises for incidental expenses .

Donations will be logged to the cash register receipt log and may receive a written thank you. Donations that are given by check will be deposited to the working capital savings account.

Property tax payments are deposited to the working capital savings account and transferred to the checking account to pay bills.

Bank Statements and Reconciliation Reports:

Bank statements are reviewed by both the Director and Treasurer. The Treasurer will open the mailed bank statements and reconcile the checking account with the printed bank statement. The Director will reconcile the Quickbooks account to the online bank balance monthly.

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 invests in interest bearing bank accounts and/or the State of Idaho Local Government Investment Pool (LGIP). The Director is the administrator for the LGIP account and is a signatory to the ICCU savings accounts.

Financial Reserve and Carry Over Policy:

Reserve balances will be reviewed to insure adequate reserves in the General Fund to sufficient to maintain district operations. The Library 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 Card:

The Library Director is the only staff member who will receive a library-issued credit card.

The Director's credit card statement is received through the mail.

Charges on the library-issued credit card will be reviewed each month by the Treasurer or Board Chair.

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.

Other Policies:

If an employee or volunteer has a reasonable belief that an employee, volunteer or Trustee of Hansen Free 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 the Board Chair. Other policies governing travel, expenses, mileage, supplies, equipment and telephone use are contained in the Library Employee Handbook.

A financial review or audit shall be conducted whenever there is new director or appointed treasurer (not an elected trustee). The financial review may consist of a panel of trustees who review the financial records.

Adopted by the Hansen Free Library District on 10/05/20

Updated on 6/28/2022