

Caledonia Library Association
Financial Controls Policies

Budget and Finance

The Caledonia Library Association has a board-approved written budget. This budget is developed annually as a cooperative process between the board's president and treasurer, the library director, and the Board of Trustees. Each year, it is determined if the library's revenues are adequate to meet the needs of the community. If the revenues are not adequate to meet the needs of the community, the board of trustees takes action to increase the library's revenue. Surplus funds, if any, are carried over to the next fiscal year and used towards that year's budget.

On a monthly basis, the library director presents a written report on library operations to the board of trustees. These reports include such areas as library usage, collection development, and programming in addition to any other relevant and pertinent information.

The library maintains adequate records of library operations with the help of a treasurer, in a manner easily understood by the public as well as the board of trustees and library director. This record of library operations is presented at each board of trustees' monthly meeting and clearly indicates the financial position of the library.

In addition to the general financial position of the library, this record clearly indicates the current position of each budgetary line item including budgeted amount, receipts, monthly and year to date expenditures, and remaining budget, as presented by the treasurer.

Routine Banking Procedures

The library director of the Caledonia Library Association is authorized to make deposits into appropriate library accounts. Such deposits include, but are not limited to, the deposit of accumulated fees and fines, gifts, donations, grants, and tax receipts.

The treasurer is authorized to transfer funds from one library account to another library account for payment of monthly library bills with board approval.

The Library Board President and Treasurer are authorized to sign checks, access the safe deposit box and conduct banking business for the library.

The library director of the Caledonia Library Association is not authorized to sign checks or receive cash from library accounts.

Authority to Spend

The library director of the Caledonia Library Association is authorized to spend up to \$1000.00 on any single item without prior board approval. On items where anticipated yearly expenditures for items are known to exceed \$1000.00 in any of the prior three years (i.e.: lease books), board approval is not necessary.

The library director of the Caledonia Library Association is authorized to spend up to \$9999.00 on any single item only with the approval of the full board without a formal bid, but will attain 3 verbal quotes, if possible. The Caledonia Library Association may spend in excess of \$10,000.00 only after completing a formal bid process.

In case of extreme emergency, the library director of the Caledonia Library Association may spend \$ 3000.00 in addition to the \$ 1000.00 with the approval of the president and the treasurer of the board on a single item. In the event of an emergency over \$1,000, the Director will obtain three verbal quotes if possible.

Claims Audit Process

The disbursement of funds will be reviewed by the Board at each board meeting. The list is produced by the treasurer, and includes a profit and loss statement and a financial report of all balances. For recurring bills, such as utility bills, the Board may, on a yearly basis, approve with an accompanying resolution to agree to pay these bills automatically for the remainder of the year. At year end, a copy of the financial records will be saved on secure media and filed with the annual reports.

Credit Card

The Caledonia Library may issue a credit card or cards in its name for use of by designated employees for authorized Library related expenses. The Maximum credit limit on each card shall be \$2500.

Only those Library personnel designated by the Board shall be authorized for use of a Library credit card(s).

Credit card receipts and/or documentation which details the goods and services purchased, costs and date of the purchase will be kept on file and may be reviewed by any member of the board upon request. Transactions of each monthly statement will be categorized before being given to the treasurer for review and payment.

The credit card may not be used for cash advances, alcohol or tobacco, or in any manner that is not library related.

Expenses incurred on each credit card shall be paid in such a manner as to avoid interest charges. The credit card(s) shall be locked in the library safe when not in use.

Credit cards must be surrendered upon resignation or termination of employment.

Petty Cash

A Petty Cash fund, established in the sum of \$100, is available at the library to cover small expenses incurred for the library. Each month, the Library Director shall reconcile the Petty Cash fund. A record with receipts for all expenditures from Petty Cash will be provided to the Treasurer, at which time a check will be issued to replenish the Petty Cash fund to \$100.

Purchases from petty cash should be made with the sales tax exemption letter so the library does not pay additional sales tax. Staff should receive a receipt for such expenditures. Failure to comply could result in expenditures which will not be honored by the Library. In such cases, the individual may be held solely responsible and will not receive reimbursement.

Disposition of Surplus Funds

Library information materials, such as books, videotapes, audiotapes and other items withdrawn from the library collection, may be disposed of by the library system through direct sale to the public by the library or through donation to other non-profit information provider organizations.

The Library Board may contract with another non-profit organization or library support group to conduct a public sale of surplus library materials with all proceeds to be returned to the library.

Gifts

The Caledonia Library Association has been granted 501(c) (3) status by the Internal Revenue Service. Gifts to the Library are income tax deductible to the extent allowed by law. The library accepts gifts (including financial securities) at the discretion of the Library Director and/or the Board of Trustees under the following conditions:

Unrestricted monetary gifts will be used at the discretion of the Library Board of Trustees. Restricted monetary gifts will be accepted on the condition that the specific use requested is consistent with the goals and objectives of the Library.

Gift materials will be judged by the same materials selection standards that apply to purchased materials. Gifts of Library materials (books, magazines, tapes, etc.) may be accepted with the understanding that the Library reserves the right to add them to its collection, distribute them to other libraries, donate them sell them or discard them.

Gift items will be formally acknowledged if the donor wishes. The Library will not appraise or estimate the value of gift donations. The responsibility for such assessment lies with the donor.

Fundraising

The chairman of the fundraiser will submit a report of expenditures and receipts to the treasurer and the board.

Investments and Reserve Funds

It is the policy of the Caledonia Library to invest its funds in a manner which will provide the highest return with the maximum security, while meeting the daily cash flow needs of the Library and complying with all state statutes governing the investment of public funds. The Library Board recognizes the need to have timely access to reserve funds to pay for planned and anticipated expenditures and for occasional unanticipated expenditures.

Reserve funds will be invested in financial instruments that have been approved by the board. Banks and savings institutions shall be approved by the Board of Trustees. Any change in the investment or banking requires a majority vote of the Library Board. At each board meeting, an investment report shall be prepared and submitted by the Treasurer.

Accounts Payable Procedures

The Director reviews the invoices for accuracy, copies each invoice as back-up, and gives the originals to the treasurer.

The treasurer reviews each invoice, inputs the information into QuickBooks, and creates a check which is then mailed.

Checks and invoices are reviewed by a designated third person, who will date an initial each invoice after review. Checks can then be mailed.

The disbursement of funds will be reviewed via the Treasurer's report by the Board at each board meeting, and a motion made to accept/reject the treasurer's report.