

Chapter 4
Financial Policies
Jericho-Underhill Library District (JULD) Board of Trustees
Approved June 15, 2023

Purpose: The purpose of the Financial Policy document is to set forth the requirements and expectations governing the financial and accounting records of JULD. This will ensure accurate and reliable accounting records, ensure business continuity, and prevent or detect fraud or errors in financial reporting.

4.1 Budget Policy

- 4.1.1 Annually (in October) the Treasurer and the Library Director will propose a budget which will be reviewed and approved by the Board of Trustees. The budget will be formally provided to the Town of Jericho Select Board and the Town of Underhill Select Board for inclusion in their budget process.
- 4.1.2 The operating budget will identify revenues and annual expenditures by line item.
- 4.1.3 At the close of the fiscal year, the actual year revenues and expenses will be reviewed by the Board of Trustees and any overage or deficit will be rolled into the next budget cycle.
- 4.1.4 The budget process will include the budget for the capital reserve fund.
 - 4.1.4.1 The Library Director will maintain a list of capital improvement projects and provide that as part of the budgeting process.
 - 4.1.4.2 The Board of Trustees will approve capital improvement requests over \$5000 if not approved specifically in the budget process.
- 4.1.5 The Budget which was approved by the Board of Trustees will be voted on by the public as part of the January Annual Meeting.

4.2 Fixed asset accounting policies

- 4.2.1 Assets that have a useful life of at least three years and are greater than the minimum cost shown below will be depreciated according to generally accepted accounting principles. Categories of fixed assets that will be tracked are: Building and building repairs (\$5000 minimum cost), Computers and Equipment (\$2000 minimum cost), and Furniture and Fixtures (\$2000 minimum cost).
- 4.2.2 Fixed assets required to be depreciated must be tracked in an excel file to calculate the annual amount of depreciation for each item.
- 4.2.3 Fixed assets meeting the above requirements being used by the JULD, but which are not owned by JULD, such as computers that the Friends of Deborah Rawson Library receives as grants, shall also be tracked. The Cost of the asset will be entered as \$0, with the actual value and owner provided in the memo field.
- 4.2.4 The Library's Collections, which are a key reason for the existence of the JULD, are a significant financial asset. The Collections are a dynamic asset with

considerable yearly turnover and/or additions. The library catalogue is used to track this asset not the accounting software. The annual operating budget is the primary way the public sees the costs of maintaining and improving this key asset.

4.3 Debt Management

4.3.1 The Board of Trustees and the Library Director will make every attempt to avoid the need for short-term debt to meet financial obligations. However, if there is a need for short-term debt due to temporary cash flow shortages, the Board of Trustees can approve short-term debt.

4.4 Donations

4.4.1 The Board encourages and requests cash donations from users of the library to support operations. The Board also sponsors various fundraising activities; donations of physical items may be accepted for these activities.

4.4.2 Any income from these sources be considered General Fund Income unless such income comes with restrictions that state otherwise. Any restrictions must be compatible with the mission of the JULD.

4.5 Accounting and Financial Reporting Policy

4.5.1 There will be an annual audit of the accounting procedures and records. The Board of Trustees will cause the JULD financial statements to be audited by a qualified, properly licensed independent accounting firm, beginning in 2024.

4.5.2 The Board of Trustees will receive the annual audit at a duly warned regular meeting.

4.6 Bank Accounts

4.6.1 Operating Income and Expenses will be managed through the general operating money market account and general operating checking account. Separate bank accounts will be established for restricted funds as deemed necessary by the Treasurer and the Library Director. The Board of Trustees will be advised of changes in bank accounts as part of the regular monthly meeting.

4.7 Quarterly and Annual Financial Reporting

4.7.1 The Bookkeeper and Treasurer will prepare quarterly financial reports for the Board of Trustees' management purposes.

4.7.1.1 Budget Report showing budget versus actual revenue and expenses for the current operating year.

4.7.1.2 Balance Sheet showing JULD assets, liabilities and reserves.

4.7.2 Annually, the proposed budget report will be provided showing current year budget, prior year budget and actual information.

4.8 Financial Procedures

4.8.1 Financial procedures will be documented to ensure accounting records are accurate and reliable, safeguard JULD assets, ensure consistent record keeping and assign responsibilities.

4.8.2 The Treasurer will review procedures annually with the bookkeeper and the Library Director to maintain relevancy. This review can be staggered through the year.

4.8.3 The Treasurer and Library Director determine what procedures are needed. These procedures will be written and approved by September 2023.

4.9 Fraud Policy

4.9.1 The Board of Trustees must establish controls that will aid in the detection and prevention of fraud. This will be handled through strong accounting procedures and separation of duties.

4.10 Credit Card Policy

4.10.1 Credit Cards provide a convenient method of obtaining goods and services for the library. By their nature, credit cards provide the opportunity for unauthorized purchases and fraudulent activity.

4.10.1.1 The Board of Trustees will determine which employees will be authorized to use a library credit card.

4.10.1.2 The Board of Trustees will establish limits for each line-item purchase and the total credit limit for each card.

4.10.1.3 Credit cards issued under this policy can only be used by the authorized user for library business.

4.10.1.4 The authorized user is responsible for the card's protection and custody and shall take immediate action to notify the credit card company and the Board of Trustees if a card is lost or stolen.

4.11 Petty Cash

4.11.1 A small petty cash fund is allowed and will not exceed \$50. The Library Director is responsible for maintaining the petty cash fund.

4.12 Purchasing Policy

4.12.1 Contracts on behalf of JULD shall be signed by the Library Director. If the Library Director is not available, the Chairman of the Board of Trustees may sign contracts.

4.12.2 Purchase limits

4.12.2.1 Purchases under \$5,000 shall be handled by the Library Director as they deem appropriate.

4.12.2.2 For purchases between \$5,000- \$10,000. Written quotations shall be obtained from a minimum of two (2) vendors. The quotations shall be reviewed with the Board of Trustees as part of the regular monthly meeting or by email if quicker review is needed.

4.12.2.3 For purchases of \$10,000 or more. At least 2 bids shall be obtained and reviewed with the Board of Trustees as part of the regular monthly meeting or via email if quicker review is necessary.

4.13 Separation of Duties

4.13.1 No one person shall control all key aspects of a transaction. One person shall not receive cash, record the transaction in the accounting records, make bank deposits, prepare and disburse checks and perform the cash reconciliations.

4.13.2 The Library Director and Treasurer will document and maintain appropriate separation of duties.

4.14 Backup of Accounting Files

4.14.1 The Library Director will ensure that there is timely and complete backup files maintained of the financial system.

4.14.2 A copy of the backup must be stored off site.