

UPPER MORELAND FREE PUBLIC LIBRARY

Revised:	02/14/2018
Next Review:	3 rd Qtr. 2021
Reviewed:	02/08/2018
Original:	09/09/2009

FINANCIAL

I. POLICY

A. The purpose of this policy is to ensure adequate funding, fiscal accountability and reporting, sound investment practices, and appropriate use of funds in support of library operations and long-term planning needs.

B. Funding

1. Coordinate with Upper Moreland Township to obtain adequate funding to provide and maintain an exceptional library that meets the needs of the community.

2. The library shall recommend to the township that the library millage assessment be set to a level that represents close to 100% of the actual township funding.

3. Be aware of, and qualify for, all state and federal library aid.

4. Apply for appropriate state, federal, and private grants.

5. Generate funds through federally insured interest-bearing accounts and use the interest earned for library operations.

6. Fundraising

a) Coordinate fundraising activities between the board of trustees and the Friends of the Upper Moreland Free Public Library ("Friends").

b) Solicit and encourage contributions (bequests, endowments, cash, etc.) from all legitimate sources, including local industry, service clubs, community organizations, and private sources.

C. Accountability and Reporting

1. Internal controls

a) The authorized signatories for paper checks shall be any two of the following:

(1) library director,

(2) president of the board of trustees,

(3) vice president of the board of trustees,

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- (4) treasurer of the board of trustees.
- b) Normal day-to-day operating and budgeted expenses may also be paid by Electronic Fund Transfer (EFT)
 - (1) With the exception of payroll, reports of electronic payments shall be reviewed prior to payment by the director or assistant director.
 - (2) Payroll is approved by the director or assistant director at least three days in advance of the payday.
 - (3) Payroll is reviewed by one of the following: the treasurer, president, or vice president.
 - (4) The officer reviewing the electronic payment reports shall sign an appropriate acknowledgement with name, title, amount, and date reviewed.
- c) Approved vendor list
 - (1) A list of current vendors is provided to the board of trustees for approval each December
 - (2) The director must list new vendors in the Director's Report presented at the monthly meeting of the board of trustees.
- d) The director is authorized to sign paper checks and approve electronic payments up to \$500 without a second signature, with the exception of payroll checks.
- e) A member of the finance committee shall review the reconciliation of bank statements at least four times a year for accuracy and completeness.
 - (1) The finance committee member reviewing the bank statements shall sign an appropriate acknowledgement with name, title, and date reviewed.
- f) Purchases shall not be made using a debit card.
 - (1) Debit cards issued to the library by financial institutions shall be destroyed by the office manager.
- g) Business credit card accounts may be established at the discretion of the director, who may authorize purchases.

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- (1) Bank credit cards shall be kept in the library for in-store purchases by staff only.
 - (2) One bank credit card shall be kept in the library restricted for electronic purchases only.
 - (3) One store credit card may be provided to the library for use by the contracted library maintenance worker for supplies and materials needed for the building
 - (4) Additional credit cards issued to the library shall be destroyed by the office manager.
- h) Coordinate with outside auditing firm to prepare federal tax exempt returns (form 990.) The board of trustees shall review the final draft of the form 990 prior to filing.
- i) Prepare, submit, and pay federal, state, and local payroll taxes and withholdings by due dates.
- j) All funds shall be held in federally-insured accounts.
2. Reporting by the director
- a) Provide monthly reports to apprise the board of trustees of the financial position and operations of the library.
 - b) Coordinate with the auditors to produce the annual audited financial statements.
 - c) Distribute audited financial statements to the board of trustees, the township manager, the Montgomery County District Library Consultant, and the PA State Aid Librarian.
 - d) The finance committee must present revisions to the staffing plan that have an impact on the budget to the full board for a vote.
3. Addressing Concerns
- a) The chairperson of the finance committee shall address all reported concerns or complaints regarding the library's accounting practices and internal controls.
 - b) The chairperson of the audit committee shall address all reported concerns or complaints regarding the library's auditing process.
 - c) The person making the complaint shall be advised of the resolution within a reasonable time.

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D. Use of Funds

1. Funds shall be held in the operating checking account to cover current disbursements.
2. Funds exceeding those needed in Section D.I. above which are not immediately required, but which are expected to be used in accordance with budget provisions, shall be invested in interest-bearing accounts.
3. The director may not exceed the total annual library budget, in any given year, by more than ½ % (one-half of one percent) without first receiving approval of the board of trustees.
4. Excess funds from the prior budget year must be spent by May 1 of the next year unless the board of trustees approves an extension.
 - a) Excess funds shall be recorded in a separate sub-account on the balance sheet.
 - b) The director is authorized to expend up to \$5,000 of excess funds at her discretion for expenses that reflect the current strategic plan.
 - c) Amounts to be expended above \$5,000 of excess funds require board of trustees' approval.
5. With the exception of collection expenditures, expenditures that will result in a line item exceeding the budget by \$500 or more must be approved by the finance committee within thirty days of the expenditure.
 - a) Collection expenditures are an exception due to the state-mandated standard that collection expenditures must be 12% of more of the operating budget.
 - b) Cost of patron supplies expenditures are an exception due to the revenue collected from patrons.
6. Payroll expenditures that exceed ½% (one-half of one percent) of the budgeted amount must be reviewed in advance by the executive committee.
7. Investment decisions shall be approved by majority vote of the board of trustees.
8. The strategic reserve fund may be expended only with the express approval of the board of trustees.

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- a) The strategic reserve fund may be spent only for matching grants and critical capital expenditures where funds can not otherwise be obtained.
- b) The Strategic Reserve Fund may not be spent as part of or to support the yearly operational budget without the approval of the board of trustees.
- c) The Strategic Reserve Fund may be transferred to operating funds to cover a short-term operating deficit, but must be repaid.

II. DEFINITIONS

- A. Excess funds are the net result of revenue that exceeds expenditures as indicated on the UMFPL year-to-date financial statement of December 31.
- B. Capital expenditures refer to expenses that are non-operational.
- C. Restricted fund balance—includes amounts that are restricted for specific purposes stipulated by external resources providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.
- D. Short-term operating deficit refers to a cash delinquency that must be resolved in one year or less.

III. RESPONSIBILITY: The director shall establish necessary procedures to comply with this policy.