

# UPPER MORELAND FREE PUBLIC LIBRARY

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| Revised:     | 11/08/2023                |
| Next Review: | 3 <sup>rd</sup> Qtr. 2026 |
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## 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. The library shall 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. The price of items sold to patrons must at least cover UMFPL's purchase cost plus PA sales tax due.
7. 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, money, 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,

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- (2) president of the board of trustees,
  - (3) vice president of the board of trustees,
  - (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 public services director.
  - (2) Payroll shall be approved by the director or public services director at least three days in advance of the payday.
  - (3) Payroll shall be 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 shall be 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 \$1,500 without a second signature, with the exception of payroll checks.
- e) The finance chair or treasurer 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.

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- g) Business credit card accounts may be established at the discretion of the director, who may authorize purchases.
  - (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 obtained by 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) The director will 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) The director will ensure federal, state, and local payroll taxes and withholdings are prepared, submitted, and paid 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 Office of Commonwealth Libraries.
- d) Changes to the staffing plan shall be reviewed with Executive Committee

## 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.

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- c) The person making the complaint shall be advised of the resolution within a reasonable time.

## 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.1 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 his/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. The finance chairperson must be informed when expenditures occur that result in a line item exceeding the budget by a minimum of \$1,000 to a maximum of \$2,000.
  - a) Collection expenditures are an exception due to the state-mandated standard that collection expenditures must be 12% or more of the operating budget.
  - b) Cost of patron supplies expenditures is an exception due to the revenue collected from patrons for these supplies.
6. The finance chairperson and treasurer must approve expenditures that result in a line item exceeding the budget by more \$2,000.
  - a) Collection expenditures are an exception due to the state-mandated standard that collection expenditures must be 12% or more of the operating budget.

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- b) Cost of patron supplies expenditures is an exception due to the revenue collected from patrons for these supplies
  - c) Payroll expenditures that exceed ½% (one-half of one percent) of the budgeted amount must be reviewed in advance by the finance committee.
- 7. Investment decisions shall be approved by majority vote of the board of trustees.
- 8. A minimum balance of \$50,000 shall be maintained as the Strategic Reserve Fund with the exception of funds needed to cover a short-term operating deficit, which must be repaid.
- 9. The Strategic Reserve Fund may be expended only with the express approval of the board of trustees under the following conditions:
  - a) Matching grants where funds can not otherwise be obtained.
  - b) Critical capital expenditures not related to the facility system needs.

## 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 repaid in one year or less.

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