

Dolores Public Library

Board of Trustees

General Fiscal Policy

- Purpose

The Dolores Public Library District establishes this policy to define the District's basic accounting and cash control procedures, and to ensure appropriate use of funds in support of the District's mission and goals, and in compliance with applicable state and federal laws.

- Budget and Reporting

The annual budget is the formal financial plan for the District. The fiscal year for the District is January 1 through December 31. A separate Budget Policy outlines the budget process.

On a monthly basis, the Director and staff shall present a list of all expenditures to the Board of Trustees for review and approval. Monthly financial reports showing the status of all accounts and funds will also be presented to the Board for review and approval. The financial reports will clearly state the financial position of the library, and should indicate the current position of each budgetary line item, including budgeted amount, receipts, and year-to-date expenditures and remaining budget.

The Director shall have a CPA prepare the annual state application for Exemption from Audit in accordance with state law. Although not legally required if revenues or expenditures are \$500,000 or less, the Board may choose to have a full audit when it deems necessary.

District finances will be annually reported to the State of Colorado, and other entities as required.

- Reserve Fund Requirements

The District shall maintain a general fund balance. All unspent funds collected annually shall be retained in the general fund at the end of the calendar year. The fund balance is maintained to fund normal operating expenses early in the year before tax revenue is available, provide for increased or emergency operating expenses that cannot be anticipated, or to plan for specific special projects as designated by the Board of Trustees.

The District shall maintain undesignated operating reserves equal to approximately 6 months of operating expenses. This amount may be allowed to grow to 1.5 times the targeted level. When this level is reached, the Board will either revise the requirements in this policy or spend the excess funds. The Board may allow the reserve to grow larger to fund a specific project. This will be approved at a regular meeting through official Board action. The project, estimated cost, and timeframe for the approved deviation from this policy will be stated at the time of official action.

The general fund will also contain a minimum designated emergency reserve of 3% of the annual budget in accordance with state TABOR requirements.

Additional designated funds will also be maintained, such as a savings account to be used as needed in the general operating account. There also may be additional investment accounts, including CD's, accounts with ColoTrust, and others as designated by the Board of Trustees. A separate Investment Policy outlines the requirements for managing all investment accounts.

- **Authority to Spend Cash/ Accounting**

Checking and savings accounts that are held by the District shall have the signatures of the Director and Board designees on file. Facsimile signatures for signing of checks are authorized. The Director will approve all purchases in advance. After receipt of the items ordered, an invoice will be received and reviewed for accuracy. The Director will, if a packing slip is enclosed, attach it to the invoice, and will note the account number to be charged. The invoice will then be set-aside for the next processing date. If a bill is received for services received, such as utilities, it will be approved and coded by the Director. Invoices and other bills will be paid on a bi-weekly basis. All expenditures shall be approved and initialed by the Director prior to issuing checks, and supporting documentation shall be maintained in the Director's office for an appropriate length of time.

The Director is authorized to sign all checks, with the exception of any checks payable to the Director. Such checks will require the signature of either the President or Board Designated officer. Payroll checks are processed through Direct Deposit directly into the employee's bank account.

The Director is authorized to make deposits into appropriate accounts as needed.

Electronic fund transfers between accounts, wire transfer, and automated clearinghouse transactions will be used whenever feasible.

Bank statements are to be reconciled monthly by the Director or bookkeeper; and the reconciliation reports will be reviewed by the Board Designee. The Director will follow up on any checks not paid after 6 months. Any unclaimed checks will be marked canceled and a journal entry will be made to reclaim the cash.

- **Library Credit Card**

The District shall maintain bank issued credit cards for library purposes only. Authorized users of the credit card are the Director and selected staff as determined by the Director. The credit cards may be used for expenses related to staff attending meetings, workshops or conferences and related expenses such as transportation, lodging, gas and meals. The credit cards are to be used to expedite payment of library expenses that require pre-payment or immediate payment such as online vendors. Receipts are required. The credit card balances will be paid in full each billing cycle. The credit card statements are to be reviewed by the Board Designee.

- **Consultants and Independent Contractors**

At the discretion of the Director, consultants and independent contractors may be utilized for specific roles or tasks as identified by Board or staff. Consultants and independent contractors will meet the definitions of such functions established by the Internal Revenue Service. Earnings will be reported and paid accordingly. Each position shall have a contract and include the submission of a Form W-9 for IRS purposes. Any service for which consultants or independent contracts will be utilized and for which the District will pay \$10,000 or more during a one-year period shall be open to public bid. The process of selection of any contractor for a contract of at least \$10,000 per year will be as follows:

- The process will be described, including a term of the contract, and advertised at least 3 times in local newspapers, or by any other method deemed appropriate by the Director.
- Unless directed otherwise by the Board of Trustees, the Director shall review and select the appropriate candidate for the position within the time frame allotted.
- Each position shall have a contract and submit a Form W-9 for IRS purposes.
- The contractor shall not be a current employee of the District.

- **Grants and Donations**

Funds donated to the District may be allocated according to the wishes of the donor, or may be undesignated. Undesignated donations will be deposited in the general operating funds of the District. The District reserves the right to refuse any gift or donation that does not support the mission of the District.

The Director is authorized to sign grant applications on behalf of the Board of Trustees.

ADOPTED: June 8, 2021