

Berthoud Community Library District Financial Policy

PURPOSE

The Berthoud Community Library District Board of Trustees establishes this financial policy to ensure fiscal accountability, appropriate use of funds in support of the District's mission and goals, and in compliance with applicable laws and ordinances.

BUDGET AND REPORTING

1. A calendar year budget will be developed by the Board's Treasurer, the Director, and additional staff members with responsibility for budgetary elements and to meet legal requirements. The annual budget is then reviewed and adopted by the full Board according to the legally mandated schedule.
2. In order to ensure the District's financial health, the District must maintain a positive year-end balance. The annual budget will be developed so that the total of annual operating expenses does not exceed annual revenues.
3. The annual operating budget will provide for adequate maintenance of capital equipment and facilities.
4. On a monthly basis, staff shall present a list of all expenditures to the Board for review and approval.
5. Staff shall also, on a monthly basis, present a monthly financial report showing the status of all accounts and funds. This report will clearly present the financial position of the library and should indicate the current position of each budgetary line item including budgeted amount, receipts, monthly and year to date expenditures, and remaining budget.
6. The Director shall annually have a CPA prepare the 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 conducted when it deems necessary.
7. District finances will be annually reported to the State of Colorado as required by state law.

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. A fund balance is maintained to: fund normal operating expenses early in the year before tax income is available; provide for increased or emergency operating expenses that cannot be anticipated; plan for specific special projects as designated by the Board of Trustees. The Board can also allocate reserve funds to be spent as part of the annual budget.

The District shall maintain undesignated operating reserves equal to approximately 3 months of operating expenses. This amount may be allowed to grow to 1.5 times the targeted level. When this excess level is reached, the Board will either revise the requirements in this policy or spend the excess funds. The Board will take action to re-establish the reserve if the level falls to 75% of the targeted reserve level.

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 emergency reserve of 3% of the annual budget in accordance with state TABOR requirements.

Additional *designated* reserve funds will also be maintained. These include, but are not limited to, the Literacy Fund (funded by endowment) and a Building Fund.

AUTHORITY TO SPEND

1. The checking and savings accounts held by the District shall have the signatures of the Director, President, and Treasurer on file. All investment accounts and a safety deposit box (if needed) shall have the signatures of the Director, President and the Treasurer on file.

The Director is authorized to sign all checks, including payroll, with the exception of any checks written to the Director. Such checks will require the signature of either the President or the Treasurer.

1. The Director is authorized to spend:
 - a. up to \$750 on any single item or invoice without prior Board Approval;
 - b. between \$751 and \$4,999 on any single item or invoice only with approval of the full Board;
 - c. \$5,000 or over on a single item or invoice only after completing a formal bid process and board approval.
2. Construction contracts over \$60,000 will be publicly bid.
3. The Director and Office Manager are authorized to make deposits in the appropriate District accounts and to transfer funds from one account to another for payment of monthly expenses.
4. In case of emergency (safety or security), the Director may expend necessary funds with the approval of two Board officers.

5. The Director shall be authorized to maintain charge accounts at necessary suppliers.
6. Reserve funds, as described in this policy, require Board approval to be spent.

LIBRARY CREDIT CARD

The District maintains a bank issued credit card for library purposes only. Authorized users of the credit card are the Director, Office Manager, and staff as determined by the Director. This card will have a low credit limit, not to exceed \$2,000.

The credit card is used to expedite payment of library expenses that require pre-payment or immediate payment such as online vendors. The credit card may not be used for any vendor that will accept a check or will invoice the library.

The credit card may be used for expenses related to staff attending workshops or conferences. Such expenses include registration fees, transportation, lodging, gas and meals. All such uses require prior approval of the Director.

Personal charges and cash advances are prohibited.

The credit card balance will be paid in full each billing cycle.

The credit card is stored in the safe in the Director's office and is issued to staff by the Director or Office Manager. The credit card and receipts must be returned to the Director or Office Manager the same or next business day after use.

DISPOSAL OF PROPERTY

1. Withdrawn library materials and materials donated but not added to the collection will be offered to the Friends of the Library to raise funds for projects. Items deemed unfit for sale may be discarded at the discretion of the Director without Board approval.
2. All other District property to be disposed of will be approved by the Board.

GRANTS & DONATIONS

1. Funds donated to the district may be allocated according to the wishes of the donor or may be undesignated. The Board shall determine the disposition of undesignated donations.
2. The Board shall have the right to approve or deny library utilization of grants or contracts on behalf of the District.

INVESTMENT POLICIES

1. The District's monetary assets are accounted for in the various funds of the District and shall include the General Fund, Building Fund, and any other Fund established by the Board.

2. Investment of these funds shall be based on the following objectives: safety, maintenance of sufficient liquidity to meet current obligations, return on investment, and simplicity of management. When possible, priority shall be given to local financial institutions.

Adopted April 2, 2009

Revised and Adopted April 11, 2013