

# **Phillips Free Library Financial Procedures Policy**

## ***Budget and Finance***

Phillips Free Library has a board-approved written budget. The budget is developed annually as a cooperative process between the library director, the board's finance officer, and the library Board of Trustees. Each year, it is determined if the library's revenues are adequate to meet the needs of the community. If the revenues are not adequate to meet the needs of the community, the board of trustees takes action to increase the library's revenue. This may entail overriding the 2% state imposed tax cap and asking for a greater increase through a vote on the school ballot, or using a larger amount of endowment interest, if available.

On a monthly basis, the board's financial officer presents a written report on library expenditures to the board for approval. This record includes receipts and expenditures for each month. The library director reports on library usage, matters of personnel, collection development, grants and fundraising, programming and outreach each month.

The library maintains adequate records of library finances with the help of an accountant, who maintains financial records, provides payroll services, files all applicable tax and UI forms with the appropriate state and federal authorities. Coordination of financial processes with the accountant are the responsibility of the Library Director and the Board of Trustees' financial officer.

## ***Routine Banking Procedures***

### **Bank and Endowment accounts**

Phillips Free Library maintains two separate bank accounts with KeyBank, as well as an endowment account through Wells Fargo. The KeyBank Savings account, or money market is used for large deposits, such as library funding that comes through the school ballot and is collected and passed on by the school tax office, grant funds, and larger donations that are earmarked for a particular project or program. Money from the KeyBank savings is transferred each month (\$15,000/month) into a KeyBank checking account from which bills are paid each month. When grant funds are used, those additional funds are transferred manually into the checking account by the Library Director.

The Keybank savings account is divided into three separate accounts – Operating Funds, Reserves from previous years (which are used for unexpected expenses like building repairs, technology needs, or one time projects), and Encumbered funds which grant or donor funds earmarked for a specific project. How funds are divided between these three accounts is maintained on a spreadsheet by the Library Director.

The Library endowment is invested in stocks through Wells Fargo, with Andrew Polley acting as our advisor. Interest from the endowment that is used to meet the budget is approved by the Board of Trustees as part of the budget approval process, but a request by the Board of Trustees' financial officer must be made to the Wells Fargo Advisor for the release of funds. The Library Director is responsible for letting the financial officer know that endowment funds are needed. Only the Board's financial officer may initiate a transfer from the library's endowment account.

### ***Authority to Spend***

The Library Director is authorized to spend up to \$1000.00 on any single item without prior board approval, except in the case of emergency repairs.

### ***Bill payment***

Bills are paid twice a month with approval of the Board of Trustees' financial officer. The Library Director places all orders or purchases. The Assistant to the Director is responsible for checking orders against packing slips and assuring all materials and items have been received. The Assistant to the Director attaches a voucher requesting payment to every invoice. The Board of Trustees' financial officer then approves payment. Vouchers are taken to the Accountant, who then processes payment. Checks may be signed by either the Library Director or the Board of Trustees' financial officer and are mailed out by the Assistant to the Director.

### ***Phillips Free Library Credit card usage***

Phillips Free Library has one credit card, which is in the name and for the use of the Library's Director. The card is kept in the director's possession at all times. Individual transactions on the card are limited to \$3000, unless approved by the library board. All receipts are kept and attached to the bill. The treasurer reviews and authorizes payment of the bill.

Approved by the Board of Trustees on Oct. 18, 2021