

Huron Public Library  
Financial Policies

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## **Purpose**

The policies and procedural guidelines are designed to:

- protect the assets of the Library;
- ensure the maintenance of accurate records of the Library's financial activities;
- provide a framework of operating standards and behavioral expectations; and,
- ensure compliance with federal, state and local legal and reporting requirements

Exceptions to written policies may only be made with the prior approval of the Board of Trustees. The Board of Trustees may approve changes or amendments to these policies at any time. A complete review of the policies shall be conducted every year.

All personnel with financial responsibilities are expected to be familiar with and operate within the parameters of these policies.

## **General Accounting Practices**

The Huron Public Library (the Library) follows the Generally Accepted Accounting Principles and accounting guidelines set forth by the Financial Accounting Standards - FASB.

Financial Statements are prepared using the modified accrual basis of accounting.

The following individuals are authorized to sign checks on behalf of the Huron Public Library: Library Director

All expenditures from the Library's checking account are approved by the Library Board before the checks are issued.

All vendor accounts shall be setup in the Library Director's name. The Assistant Director/Technology Librarian will be listed as the technical support person. The Cataloger who handles the library's bookkeeping will be listed as the billing clerk.

## **Investment Policy**

It is the policy of the Library to invest funds in a manner, which will provide the highest return with the maximum security while meeting cash flow demands. All investments will conform to all applicable laws and regulations governing the investment of public funds.

### **Objective**

The Primary Objectives of the Library's financial investments are, in priority order:

- a. Safety of Principal – Safety of principal is the foremost objective. All investments shall be undertaken in a manner that seeks first to preserve capital and second to fulfill other investment objectives.

- b. Liquidity – The Library's investment portfolio will remain sufficiently liquid to enable the Library to meet all operating requirements, which might be reasonably anticipated.
- c. Return on Investments (Yield) – The Library's investments should generate the highest available return without sacrificing the first two objectives.

## **Funds**

The Board may establish funds for money and securities of the Library. All monies from whatever source derived will be receipted into funds established by the Board under authority of law. The authorized funds are as follows:

- d. Library Operating Fund – All money collected from tax levies, interest on investments, government, fees, fines, trusts, and other revenues shall be deposited into the “Library Operating Fund,” checking account and Trusts accordingly and must be budgeted and expended in the manner required by law and the City of Huron.

## **Delegation of Authority**

- e. The Director and Library Board shall implement the investment program and establish investment procedures consistent with this policy. No person may engage in an investment transaction except as provided under the terms of this policy.

## **Deposit Requirements**

- f. The Library’s Board of Trustees shall designate its public depositories. Any eligible financial institution that has offices within the State of South Dakota may become a public depository of the funds of the Library.

## **Reporting**

- g. The Library Director shall provide the Board of Trustees with monthly reports which clearly provide the following information regarding the investment portfolio:
  - i. types of investment and cash position
  - ii. depository institutions,
  - iii. principal balances,

## **Ethics and Conflicts of Interest**

- h. Those involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the Library investment program, or that could impair their ability to make impartial decisions.

## **Electronic Transfers**

- i. The following type of transactions may be conducted by electronic transfer between financial institutions in order to expedite the transfer of funds as well as maximize interest earnings:
  - i. All investment transfers for certificates of deposit and savings accounts authorized by the Library Director
  - ii. To satisfy long-term bond or debt obligations when required by a depository trust company.

- j. The Library Director will maintain appropriate documentation of the transactions so these may be audited as required by statute.

## **Purchasing Policy**

The Huron Public Library establishes this purchasing policy in order to comply with the laws and ordinance of the State of South Dakota and City of Huron, generally accepted auditing standards, and the principles of responsible fiscal management.

1. Only the Director or another person designated by the Board of Trustees may commit the Library to make purchases. Further, with the few exceptions described herein and those purchases requiring action to secure the immediate safety of employees or the public, all purchases require advanced planning and the adherence to the processes outlined in this policy and procedures established by the Director.
2. Materials, equipment, supplies, and services purchased by the Library shall be of a quality and quantity required to serve the functions of the Library in a satisfactory manner.
3. It is the responsibility of the Director to secure the required bids or to investigate alternative suppliers to ensure the most economical purchase of required items. The process of securing quotes and/or bids is further described in this policy.
4. All purchases will have a budgetary appropriation. All budgetary transfers will be reported to the Board of Trustees and their approval documented.
5. The Library Director shall have the authority to pay all claims made for purchase and report such activity to the Board of Trustees on a monthly basis.
6. All purchases are approved on a monthly basis by the Board of Trustees at their monthly meeting. If a quorum is not met by the Trustees the bills will be presented at the next City of Huron Commissioner's meeting for approval. The Board of Trustees will then approve the bills at their next monthly meeting.

## **Purchasing Procedure**

The Director, in consultation with the City Finance Officer, shall be responsible for establishing and updating procedures for the proper and cost-effective documentation of purchases.

1. The Director or another designated staff member may purchase goods or services with a value up to \$5,000 and which are included in the library's annual budget or in an approved capital plan. Documentation is to include:
  - a. Original itemized receipt including an itemized description of the purchase, the quantity ordered and the vendor.
  - b. When applicable, a copy of the packing list attached, initialed, and dated by the person checking in the shipment.
  - c. Hard-copy printout of items ordered on-line.
  - d. All purchases should be made on a tax exempt basis. Obtain a Tax Exempt Certificate from the Library Director as needed.

### **Requirements for Obtaining Quotes and Bids**

With the understanding that purchases for library materials are often available through statewide or national discount programs for libraries, the Board of Trustees establishes the following policy related to bids:

1. Library Materials: Books, magazines, A/V, and other such materials intended for patron use are generally purchased from vendors offering volume discounts or vendors offering a State contract discount program. Materials available only from the publisher are generally purchased with little or no discount.
2. Capital and One-Time Purchases: The following schedule is related to capital or one-time purchases of non-library materials (i.e., equipment, furniture, etc.) where individual items are at the stated prices and for which there are sufficient budget appropriations. All involved in the purchase process shall be aware of prevailing state contracts or other previously arranged discount programs that the library is eligible to participate in. The following is a list of purchase amounts and requirements:
  - a. Purchases over \$50,000 require a formal bid process approved by the Board of Trustees.
3. Items not subject to bid
  - a. Professional services such as an auditor, attorney, architect or engineer, which involve specialized expertise, use of professional judgment, and/or a high degree of creativity.
  - b. Emergencies arising from an accident or other unforeseen occurrence, a situation in which public buildings, property, or residents are at risk, or immediate action is required that cannot await competitive bidding.
4. The Library will comply with all South Dakota State requirements for public works projects.

## **Credit Card/Debit Card Policy**

The Library Director is authorized to use the City issued credit card to make purchases without prior approval up to \$5,000 per month. The Library Director is authorized to use a debit card issued on the Library's checking account for purchases not to exceed \$100.00.

Use of the library's credit card for personal purchases is expressly prohibited.

If the card is lost or stolen, the card issuer and City Finance Office must be notified immediately. This loss must also be reported to the library's board of trustees.

## **Record Retention and Disposition**

Records are filed and stored by the Library Director in compliance with the *South Dakota Records Retention and Disposition Schedule*.

## **Document History**

Approved: June 26, 2017

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