

Lyons Regional Library District Financial Policy

PURPOSE

The Lyons Regional 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 compliance with applicable laws and ordinances.

BUDGET AND REPORTING

1. A calendar year budget will be developed by the Board's Treasurer and the Library Director 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, the Director shall present a list of all expenditures to the Board for review and approval.
5. The Director 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 or Treasurer shall annually complete and file the state application for Exemption from Audit in accordance with state law. Although not legally required if revenues or expenditures are \$750,000 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, spend the excess funds or deposit the excess funds into a capital projects fund, which may be set aside for future facilities construction, maintenance or improvements. The Board will take action to reestablish 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 or deposit the excess into a capital projects fund. 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 budgeted revenue in accordance with state TABOR requirements. Additional designated reserve funds will also be maintained. These include, but are not limited to a Capital Projects Fund.

AUTHORITY TO SPEND

The financial 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.

1. The Director is authorized to spend or incur liability on behalf of the District within the following limits, so long as such expenditure does not cause the annual budgeted amount for the category of the expenditure to be exceeded. Expenditures in excess of budgeted amounts require approval of the full Board. Subject to such limitations, the Director may spend:

a. up to \$4,999 on any single item or invoice without additional Board approval;

b. More than \$5,000 on a single item or invoice only after advance Board approval.

2. Contracts over \$25,000 will be publicly bid, unless the full Board waives such requirement.

3. The Director is authorized to make deposits in the appropriate District accounts and to transfer funds from one account to another for payment of monthly expenses, including payroll.

4. In case of emergency (safety or security), the Director may expend necessary funds with the approval of the Board President or Vice President and Treasurer.

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 and staff as determined by the Director. This card will have a credit limit, not to exceed \$5,000.

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 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 and must be fully documented.

Personal charges and cash advances are prohibited.

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

The credit card is kept by the Director and may be used by other staff only subject to the Director's supervision. The credit card and receipts must be returned to the Director within 72 hours of use.

INVESTMENT POLICIES

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

2. Investment of these funds shall be based on the following actions of due diligence: safety, maintenance of sufficient liquidity to meet current obligations, return on investment, and simplicity of management. Investments will be made in accordance with appropriate Colorado Revised Statutes.

Adopted June, 2014

Amended September, 2016

Revised October 17, 2017