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## Cash Management Policy

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### 1. Purpose

This policy is designed to protect the assets of the organization; ensure the maintenance of accurate records of the organization's financial activities; provide a framework for the organization's financial decision making; establish operating standards and behavioral expectations; serve as a training resource for staff; ensure compliance with federal, state, and local legal and reporting requirements; and specify bid procedures.

### 2. Accounting Procedures

- a. Kutztown Community Library (KCL) operates with a modified cash basis of accounting. Under the modified cash basis of accounting, revenues are recognized when received rather than when earned, and expenses are recognized when paid rather than when incurred.
- b. The year-end financial statements reflect all expenses incurred during the fiscal year. Year-end books are closed no later than 90 days after the end of the fiscal year.
- c. The fiscal year is from January 1 to December 31.
- d. These books are professionally audited to ensure accuracy.

### 3. Internal Controls

- a. The organization employs several safeguards to ensure that financial transactions are properly authorized, appropriated, executed and recorded.
- b. The Director and/or Youth Librarian has the authority to approve expenses in accordance with the approved budget.
- c. The organization maintains physical security of its assets to ensure that only people who are authorized have physical or indirect access to money, securities, real estate and other valuable property.
- d. The organization's financial duties are distributed among multiple people to help ensure protection from fraud and error while also considering efficiency of operations.

### 4. Financial Planning & Reporting

The organization's budget is prepared and approved annually. The budget is prepared by the Director in conjunction with the Treasurer and the Finance Committee. The budget is to be approved by the Board of Trustees prior to the start of each fiscal year and revised if approved by the Board.

## **5. Treasurer's Duties**

- a. The Treasurer shall be the disbursing officer of the Board and shall perform such duties as are generally existent with that office, including writing and/or signing checks and transfer slips and making deposits.
- b. The Treasurer reports to the Board at the monthly meeting on the year-to-date Budget Analysis and the Summary Balance Sheet. Reports may be prepared by the Bookkeeper.
- c. The Treasurer works with the Bookkeeper to ensure documents are prepared for annual audit/review.
- d. The Bookkeeper is under the supervision of the Library Director and the Treasurer of the Board, and is responsible for recording and maintaining the daily financial activity of the library, tax records, the financial section of the State Report, and financial reports needed by the Board.

## **6. Asset Management**

- a. The Finance Committee is responsible for the investments of KCL. It provides financial analysis, advice, and oversight of the organization's budget. The committee must ensure the organization is operating with the financial resources it needs to provide programs and services to the community.
- b. The target minimum of contingency funds is six (6) months average of operating expenses.

## **7. Investment Policy Statement**

- a. The Board is responsible for administering investment accounts with advice sought from the Finance Committee and the Financial Advisor.
- b. The risk tolerance/risk preference is conservative to moderate.
- c. The Board President and Treasurer have access to investment accounts.
- d. The threshold for transferring cash from an operating account to an interest-bearing account is \$5,000.

## **8. Bid Procedures**

- a. KCL must identify and clearly specify standards for the goods or services desired, and seek competitive offers where possible to obtain the best possible quantity at the best possible price. Bids should be procured for goods and services over \$5,000.
- b. All bids must be made in writing.
- c. Those involved in procurement decisions must review and sign the Conflict of Interest Policy.

Adopted: 1/14/2021