
Fiscal Management Policy

1. Purpose

The Fiscal Management policy is designed to protect the assets of the Kutztown Community Library (KCL); ensure the maintenance of accurate records of the library's financial activities; provide a framework for financial decision making; establish operating standards and behavioral expectations; establish guidelines for investing and disbursing funds; ~~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. The library 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. The financial records are professionally audited to ensure accuracy.

3. Internal Controls

- a. The library 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 library 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 library'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 library'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. Revisions to incorporate unforeseen expenses or income are made if approved by the Board.

5. Asset Management

- a. The Board of Trustees (Board) is responsible for the investments of the library. The board receives financial analysis and advice, and oversight of the library's budget from the treasurer, bookkeeper, finance committee, and director. They ensure the

library is operating with the financial resources it needs to provide services to the community.

- b. The Board is responsible for administering investment accounts following the guidelines established in the Investment Policy Statement.
- c. The Board President and Treasurer have access to investment accounts.
- d. The target minimum total of contingency funds is to be six (6) months average of annual operating expenses.
- e. The threshold for transferring cash from an operating account to an interest-bearing account is \$5,000.

6. Bid Policy Statement

- a. The Library 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 and include the period of time the bid will be honored.
- c. Those involved in procurement decisions must review and sign the Conflict of Interest Policy.

Adopted: 01/14/2021

Revised: 0/12/2021