



BUDGET AND INTERNAL FINANCE POLICY

The Budget and Internal Finance Policy exists to assure the safeguarding of assets owned by the Galena Public Library District, and to assure all actions are taken in the best interest of the entity.

BUDGET

The Library has a board approved written budget. Initially, the Library Director, working with staff, will draft a working budget to present to the Treasurer for review and discussion. The Treasurer and Library Director presents the draft budget to the board's Finance Committee. Upon approval, the Treasurer and Library Director will present the budget to the full Board of Trustees. Each year, the Board of Trustees determines if the library's revenues are adequate to meet the needs of the community. If the revenues are not adequate, the Board of Trustees shall take appropriate action to increase the library's revenue or decrease expenditures.

FINANCIAL STATEMENTS

The accounting firm hired by the Library shall provide monthly financial statements. These financial statements are a compilation of statements of assets, liabilities, fund balances on a modified cash basis, a statement of revenue and expenditures and the accompanying supplementary information, which is presented for supplementary analysis purposes. Comparative data of budget to actual and current period to prior period shall be included.

AUDIT

The Library shall perform an annual audit in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards issued by the Comptroller General of the United States. The audit shall obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial documents. It also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating overall basic financial statement presentation.

ACCOUNTS PAYABLE

The Library Director shall report all expenditures to the accounting company for their reporting purposes. The Library Director is responsible for reporting expenditures in funds they were budgeted for; and for matching invoices and receipts with the accounts payable. The accounts payable reports are to be presented at each regular meeting of the Board of Trustees.

SEMI-ANNUAL TREASURER'S REPORT

The Library Director shall create Semi-Annual Reports of Receipts and Disbursements for each half of the fiscal year. The reports are created utilizing the financial statements and other financial reports supplied by the accounting firm. The reports will be reviewed by the Treasurer and then presented to the Board of Trustees, after which they will be filed with the Jo Daviess County Clerk as required by state statute.

SEGREGATION OF DUTIES

The Library's administration staff is not large enough to permit adequate segregation of duties in all respects for an effective system of internal accounting control. The following segregations of duty have been adopted to control this condition:

- One designated staff member is assigned to report the weekly income of the Library. This report of cash and check revenues is checked by the Library Director for accuracy, significant areas of discrepancies, and for placing said income in the appropriate funds. Deposits are made weekly.
- One designated staff member is responsible for recording and balancing petty cash expenditures. Petty cash expenditures are to be reported at least once a month to the accounting company. Maximum petty cash balance is \$100.00. Reimbursements can be given only for pre-approved purchases with an appropriate receipt.
- Service fees collected in the Alfred Mueller Historical Collections Room are deposited with the Library Director at the end of each day the special collections room is open to the public.
- Checks received over \$5,000.00 shall be deposited as soon as possible.
- Property tax income is automatically deposited into the Library's checking account. The report is to be printed from the Jo Daviess County Treasurer's report upon notification and given to the library's accountant.

BANK STATEMENT RECONCILIATION

The accountant shall reconcile bank statements on a monthly basis.

AUTHORITY TO SPEND

The Library Director is authorized to spend up to \$1,000 without prior board approval. Approval by the Board of budget amounts in the Annual Operating Budget shall be acknowledged as prior approval for spending purposes.

The Library may spend in excess of \$25,000 for capital improvements only after completing the formal bid process as described in the Illinois Local Library Act [75 ILCS 5/5-5].

In case of extreme emergency, the Library Director may spend \$4,000 in addition to the \$1,000 with the approval of any two trustees.

AUTHORITY TO SIGN

The Treasurer and the Library Director are authorized to sign checks or receive cash from library accounts when the Board of Trustees authorizes such action through the approval of checks to reimburse petty cash.

The Library Director and officers of the Board, with the prior approval of the Board, have authority to sign contractual agreements for the library for activities which have received prior approval of the Board. Two signatures are required on each check. Signature cards with current designees' signatures must be on file at each financial institution with which the library works.

FUND TRANSFERS

The Treasurer and Library Director are authorized to transfer funds from one library account to another library account with prior approval by the Board of Trustees.

BUSINESS CREDIT CARDS

Business credit cards may be issued to staff members as authorized by the Library Director and approved by the Board. Should there be a need for a trustee to have a card, approval of the Board is required for a specific purpose. Staff credit cards are to be kept in the Library Director's office and can only be used with prior approval of the Library Director.

Approved: 4/11/2000
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