

Policy 2-1	<b>Financial Management</b>	<b>Created:</b> 3/5/2015 <b>Revised:</b> 10/5/2018 <b>Approved:</b> 10/11/2018
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### I. Purpose

Financial management is necessary for the control of District financial affairs. The purpose of this policy is to set forth administrative rules for conducting all aspects of financial control and transactions.

Taxpayers entrust resources to the Jackson County Library District (the “District”) for the specific purpose of providing library services. It is not enough simply to ensure that assets are safeguarded; they also must be used efficiently and effectively to achieve their intended purpose. Thus, the District has established the following financial management objectives:

1. To ensure that all financial systems, functions, and controls meet generally accepted auditing standards;
2. To preserve capital through prudent banking and cash management activities;
3. To achieve the most productive use of cash, minimize operating costs, and to control receipts and disbursements;
4. To maintain competitive and good working relations with financial institutions;
5. To provide safety to assigned personnel.

### II. Accounting Services Contractor

The District currently contracts with the Rogue Valley Council of Governments to provide accounting services. The contract is reviewed annually and can be a three-year contract at the discretion of the Board of Directors. As used in this policy, “District’s accountant” refers to the District’s contract accountant.

### III. Banking Services

- A. Banking services shall be solicited at least every five years on a competitive basis, and banks submitting proposals must meet the following minimum criteria:
  1. Verify that the bank is on the list of qualified depositories on the State Treasurer’s website at <http://www.oregon.gov/treasury/Divisions/Finance/LocalGov/Pages/Qualified-Depositories.aspx>.
  2. Be insured by the Federal Deposit Insurance Corporation.

3. Be able to facilitate transfers to and from the Local Government Investment Pool managed by the Oregon State Treasurer.
  4. Provide annual audited financial statements.
- B. All District bank accounts must be authorized and approved by the Board of Directors at the recommendation of the District's accountant.

#### **IV. Billing and Receipts**

- A. The District will invoice all vendors for amounts due on a monthly basis. An accounts receivable aging schedule will be prepared and monitored to ensure amounts due the District are collected in a timely manner. Invoices are due within 30 days of billing date.
- B. The District acknowledges that it assesses fees for lost and damaged materials and other items listed in the Library's fee schedule. These fees are not reflected in the general ledger as receivables but are recorded as revenue when received. Those fees may prevent the user from continuing to borrow materials from the Library and long overdue accounts are turned over to a collection agency.
- C. State Funds/State Grants. If state agency/grantor is willing and it is feasible, funds will be received via the Local Government Investment Pool.

#### **V. Accounts Payable**

- A. The District will maintain a system to age accounts payable. Invoices will be analyzed to take advantage of any discounts available.
- B. All obligations paid by the District will be reviewed to ensure proper documentation is attached and that all District requirements are met.

#### **VI. Cash Forecasting**

- A. Cash forecasting is done on both a short-term and a long-term basis. Each month, the District's accountant makes sure there are adequate resources to pay bills. Each fiscal year, the District's accountant does a cash flow analysis to make sure there are adequate resources to pay bills throughout the fiscal year.
- B. Any extra resources are moved to the Local Government Investment Pool (LGIP) account.

## **VII. Budgeting**

- A. Each fiscal year, the District's accountant will provide assistance in the preparation of an annual budget to be approved by the Budget Committee and adopted by the Board of Directors.
- B. The District's budget will be prepared and taxes levied in accordance with Oregon's Local Budget Law in Oregon Revised Statutes (ORS) 294.305 to 294.565. For additional information about Local Budgeting in Oregon, see <https://www.oregon.gov/DOR/programs/property/Pages/local-budget.aspx>.

## **VIII. Financial Reporting**

- A. The District's accountant is responsible for preparing a monthly financial report for the Board detailing year-to-date (YTD) revenues and expenditures.

## **IX. Debt**

- A. The District may enter into long-term lease obligations or issue bonds to finance capital acquisitions upon approval of the Board of Directors.
- B. Before issuing any debt, the District will consult with appropriate internal and/or external financial advisors.
- C. All leases, as reported in the District's annual financial report, will be limited as follows:
  - 1. Annual leases will be limited to the economic life of the equipment or facilities to be purchased, and in no case, shall be extended beyond 20 years or as otherwise authorized by Oregon Revised Statutes (ORS).
  - 2. Lease purchases of equipment and facilities will be limited to fit within the District's stated mission, goal or government role.
  - 3. All lease-purchase payments must be included in the District's approved budget.

## **X. Internal Controls**

- A. All accounting computer records must be kept secure. Persons authorized to edit or review the records must be given passwords which only enable them to access the system. More than one person should be trained on the system. Accounting records should be backed-up on a regular basis.
- B. Duties will be assigned to individuals in such a manner that no one individual can control all phases of collecting cash, recording cash, and processing transactions in a way that permits errors or omissions to go undetected.

- C. Deposits should be received by a person other than the depositor of the funds to ensure that funds are placed in the proper District accounts.
- D. Cash transactions should always involve more than one individual to ensure that cash is properly recorded and deposited.
- E. All large purchases should be authorized by the Board of Directors in accordance with ORS 279A, 279B and 279C.
- F. Supporting documentation of purchases should always be verified prior to paying an invoice. Procedures should be developed for assuring adequate review and approval to determine that merchandise or services have been properly received before payment is made.
- G. More than one staff member or Board member should be required to sign checks. ORS 198.220 requires that any officer or staff member of the District who is charged with the possession or control of District funds and properties be bonded or have an irrevocable letter of credit issued by a commercial bank.
- H. The person that does the reconciliation of District accounts should not be the same person that writes the checks. If it is not possible to have separate functions, then the books must at least be reviewed regularly by the Board of Directors or someone who does not write the checks.
- I. Petty cash funds should require full documentation, including the purpose of the expenditure and who received the petty cash funds.
- J. Authorization for writing off bad debt shall be given to the Board of Directors. The District's accountant will prepare a listing annually in May for Board review and approval.

**XI. Authorized Personnel/Security**

- A. The District's accountant is authorized to open demand deposit accounts as may be required by the District. These accounts will be reviewed by the Board of Directors prior to opening.
- B. Checking accounts require two manual signatures.
- C. Checkbooks are to be in a secure place at all times during business hours and locked in a filing cabinet during non-business hours.
- D. The District's accountant is responsible for maintaining a current signature card with the appropriate financial institution.

**XII. Investments**

- A. The District will have a written investment policy adopted annually by the Board of Directors.

**XIII. Audits/Auditors**

- A. The District will conduct an audit annually.
- B. Assigned personnel are to cooperate with all auditors, external and internal, regarding any records maintained for or by the District.
- C. All external and internal audit reports are to be sent to the Board of Directors, District auditor, and the District's accountant.
- D. The District's accountant together with the District Administrator shall respond in writing to all external audit reports stating what actions have been taken to address the findings contained in the audit.