

Financial Management Policies

Section 1

Policy 2-1	Financial Management	Created: 03/05/2015 Revised: 3/28/2023 Approved: 7/19/2023
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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 guidance 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 accounting 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 - safeguard assigned personnel.

II. 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 <https://www.oregon.gov/treasury/public-financial-services/public-depository-information/pages/list-of-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.
- B. All District bank accounts must be authorized and approved by resolution by the Board of Directors at the recommendation of the Library Director.

III. 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 may be 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.

IV. 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.

V. Cash Forecasting

- A. Cash forecasting is done on both a short-term and a long-term basis. Each month, the Finance Manager makes sure there are adequate resources to pay bills. Each fiscal year, the Finance Manager 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.

VI. Budgeting

- A. Each fiscal year, the Finance Manager and Library Director will prepare 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>.

VII. Financial Reporting

- A. The Finance Manager is responsible for preparing financial reports on a regular basis for the Board detailing year-to-date (YTD) revenues and expenditures.

VIII. 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.
 - 4. Leases will follow the reporting requirements under GASB 87 for the District's annual audited Financial Statements.

IX. Internal Controls

The outlined internal controls are the recommended best practices and must be implemented and followed by staff to the extent possible, with exceptions being provided for circumstances such that the recommended best practice outlined herein is impossible to perform.

- 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. See Policy 2-2 "Public Contracting Rules & Procedures Policy" for more information.
- 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's signature is required to sign checks on the behalf of the District. 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 who does the reconciliation of District accounts should not be the same person who writes 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 Finance Manager will prepare a listing each fiscal year, if needed, for Board review and approval.

X. Authorized Personnel/Security

- A. The Library Director 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. Per Statute, checking accounts require two signatures. Signatures may be made digitally or manually.
- C. The President, Vice President, Library Director, Assistant Director of Public Services and Assistant Director of Support Services are authorized to sign checks or authorize withdrawals from the checking account.
- D. The Library Director, Assistant Director of Public Services and Assistant Director of Support Services will have access and are authorized to sign on the District's Bank Accounts.
- E. The Finance manager is authorized to view the District's Bank accounts, create transfers between the LGIP and the checking account, and draft withdrawals for approval out of the checking account. All transactions will be monitored by the Library Director.
- F. Checks are to be in a secure place at all times during business hours and locked in a filing cabinet during non-business hours.
- G. The Library Director is responsible for maintaining a current signature card with the appropriate financial institution.

XI. Investments

- A. It is the District's policy to invest public funds in secure investments with a high rate of return while still holding enough cash flow for daily operations.
- B. The District has three primary objectives related to investments:
 - Safety of Principal- Investments will be made with the Oregon Local Government Investment Pool (LGIP). Investments made with other institutions shall agree with the District's policy to preserve funds and invest capital in a manner that provides a return on investment while sustaining security for the funds.
 - Liquidity- The investment fund shall be liquid enough to provide the Library Director and Finance Manager with the ability to move funds for operating expenses and capital projects.

- Return on Investment- The District’s investment portfolio shall be created to provide a high return on investment while sustaining the safety of principal and liquidity objectives.
- C. Investment discussions will include the Library Director, Finance Manager and Finance Committee. Discussions will be held with due care, ensuring that decisions are made with prudence, discretion and knowledge.
 - Those involved in the investment process shall refrain from personal business activity that could conflict or give the appearance of conflicting with the investment decision or impair the ability to make impartial decisions.
 - D. The Library Director is approved to engage in new investment institutions by board resolution.
 - E. The District shall evaluate all investments on a regular basis to ensure that the objectives are sustained.
 - F. The District’s revenue sources will be deposited into District accounts as follows:
 - Property tax and other county related revenues will be deposited directly into the LGIP account and moved to the operating bank account as necessary to fulfill operating expense obligations
 - Grant funding and service-related revenues will be deposited to the District’s operating bank account.
 - G. The Library Director and Finance Manager have the authority to transfer funds from the investment account to the District’s bank account.
 - H. The Library Director, Finance Manager and Board members will not use or permit the use of library funds or assets for their own personal benefit or profit nor will they require a staff member to perform a service that would personally benefit another member.
 - I. Segregation of duties shall be in place to prevent one person from being in sole control of the District’s funds. The District has safeguards in place to prevent the use of District funds without the consent of more than one staff or board member.

XII. Credit Cards

- A. The Library Director is authorized to open credit cards in the name of the District following the guidelines for bank services listed in II of this policy.
- B. The District’s line of credit may not exceed the amount approved by Board resolution.
- C. Only approved positions shall be listed on the District’s credit card user agreement as authorized users. Approved positions include: library administration, area managers and department heads. Any additional users will be reviewed and approved by the Library Director.
- D. District credit cards maybe used for transactions already approved by the District’s budget. Credit cards should only be used in instances where a check payment, purchase order or invoice option is not available or if the payment cannot be made in a timely manner.

- E. District cards may be used for travel to District related events by authorized users.
- F. Any individual who uses the District credit card shall submit all corresponding receipts to the Finance department with appropriate transaction coding as soon as possible following the purchase.
- G. District issued credit cards may not be used for cash advances or personal expenses of any kind. Employee misuse or abuse of a credit card in violation of this policy will result in consequences up to and including termination.
- H. Approved users will review the credit card policy and sign a credit card agreement that will also be signed by the Library Director or Assistant Director.
- I. Credit Cards will be paid electronically on a regular basis by the Finance Department.
- J. Credit Card transactions will be reviewed by the Library Director and Finance Manager regularly.

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, the Library Director, and the Finance Manager.
- D. The Finance Manager together with the Library Director shall respond in writing to all external audit reports stating what actions have been taken to address the findings contained in the audit.