

CHAPTER 12

FISCAL MANAGEMENT

SECTION 12.1 FISCAL ACCOUNTING AND REPORTING

The Library's accounting system is in conformance with the Uniform Accounting Network prescribed by the Auditor of State. The Chief Fiscal Officer is responsible for receiving and properly accounting for all funds of the Defiance Public Library System.

The financial records must be adequate to:

1. Guide the making or deferring of purchases, the expansion or curtailing of programs and the controlling of expenses;
2. Ensure that current data are immediately available and in such form that routine summaries can be readily made;
3. Serve as a guide to budget estimates for future years and to hold expenditures to the amounts appropriated;
4. Show that those in charge have handled funds within limitations established by law and in accordance with Board policy.

The Board receives monthly financial statements from the CFO which show receipts, disbursements, appropriations, encumbrances, and fund balances. The CFO makes all other financial reports required by law or by federal and state agencies and submits them to the proper authorities.

The CFO provides the Board with any other financial management reports that the Board determines necessary.

Ref: ORC 117.101; 117.38; 117.43
149.01; 149.011
3375.35; 3375.36
OAC 117-2-01 – 117-2-03

Original Adoption 8/31/10

SECTION 12.2 BUDGET AND APPROPRIATIONS

The purpose of the annual operating budget and appropriations is to identify adequate financial resources for library services and to provide a basis for accountability in fiscal management. The Budget and Appropriations are prepared and reported on a cash basis.

Budget

With an affirmative vote of the majority of the County Budget Commission, including the County Auditor, the requirement that the Board of Trustees adopt a tax-budget may be waived. Therefore, the Board directs the Director and CFO to prepare the tax budget in compliance with the requirements of the Defiance County Auditor, the Ohio Revised Code, and the State Auditor's Office.

Certification of Estimated Resources

Each October, or upon request by the County Auditor, the CFO will forward to the County Auditor the estimated revenue resources of each fund for the following year.

At the close of each fiscal year, the CFO, will certify to the County Auditor for each fund:

1. Cash Balance at year-end
2. Encumbrances at year-end
3. Advances not repaid
4. Revenue estimates as determined by the County Budget Commission
5. Total amount available for expenditure

Appropriations will not exceed the Total Amount Available for Expenditure.

Appropriations

The Director and CFO are responsible for the preparation of the annual appropriations and presentation to the Board for adoption. The Finance Committee of the Board of Trustees serves in an advisory role for appropriation development and monitoring.

As permitted by law, no later than December 31, the Board may pass a temporary appropriations measure for meeting the ordinary expenses of the Library until the Board approves the final annual appropriations resolution for the year, which is not later April 1, or upon receipt of the amended certificate from the County Auditor.

The legal level of control is at the major object level however, management control is maintained at the Program/Activity level.

Appropriations may include a contingent expense not designated for any particular purpose, and not to exceed 3% of the total amount of appropriations for current expenses.

Appropriation Amendments and Transfers

Appropriations may be amended during the year as additional information becomes available, provided that total fund appropriations do not exceed the current estimated resources as certified. Transfer of funds between line item appropriations and any transfers permitted by law from major fund to major fund require Board approval.

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the subsequent fiscal year and need not be re-appropriated.

Ref: ORC 5705.28, 5705.281, 5705.29, 5705.30, 5705.35
 OAC 117-8-02 ORC 5705.36, 5705.38, 5705.39, 5705.40, 5705.45

Original Adoption 11/19/10

SECTION 12.3 PETTY CASH AND CHANGE FUNDS

Petty Cash:

The purpose of a petty cash fund is to allow for the reimbursement of minor business expenses in an efficient and cost-effective manner. A petty cash fund is maintained for each location as follows:

Location:	Custodian	Amount
Defiance Public Library	Chief Fiscal Officer	\$100.00
Johnson Memorial Library	Branch Manager	\$ 50.00
Sherwood Branch Library	Branch Manager	\$ 25.00

The custodian is directly responsible for the safekeeping and disbursement of the cash. The original check written to establish the fund, and checks written to replenish it, are made payable to the custodian of the fund.

Petty cash disbursements should be used only for small incidental expenditures; i.e. postage, miscellaneous inexpensive office, maintenance, or program supplies, and not as a method to bypass the Library's accounts payable and purchasing systems. Expenses paid from petty cash must be supported by receipts, which should contain the following information:

- Date of purchase or payment;
- Name of vendor or other payee;
- Positive evidence that a payment was made, i.e., a cash register receipt or a hand-written receipt on which the word "Paid" appears;
- Amount paid;
- Description of the goods purchased

The total receipts plus the cash on hand must equal the specified amount of the petty cash fund at all times.

Change Fund:

Change funds are established for a cashier's change-making operations. A change fund is maintained for each location as follows:

Location:	Custodian	Amount
Defiance Public Library	Circulation Manager	\$140.00
Johnson Memorial Library	Branch Manager	\$ 35.00
Sherwood Branch Library	Branch Manager	\$ 35.00

Original Adoption: 8/31/10
Revised: 9/30/20

SECTION 12.4 INVESTMENT POLICY

- A. Investment Authority
 - 1. The Board of Trustees authorizes the CFO to deposit and invest active and inactive funds.
- B. Objectives
 - 1. The primary objectives of investment activities shall be to provide adequate liquidity, to assure the safety of principal, and to maximize investment income without undue exposure to risk.
- C. Authorized Financial Institutions and Brokers/Dealers
 - 1. Investments and/or deposits may only be held by institutions prescribed as eligible depositories by Ohio Revised Code 135.03.
 - 2. The investing authority may retain the services of an investment advisor, provided the advisor is licensed by the division of securities under Ohio Revised Code 1707.141, or is registered with the Securities and Exchange Commission, and possesses experience in public funds investment, or the advisor is an eligible institution.
- D. Authorized Investments
 - 1. Ohio Revised Code Sections 135.14 specifies the eligible investment securities in which a local governmental entity may invest.
 - Eligible Securities Include:
 - Bankers Acceptances
 - Certificates of Deposit
 - CDARS
 - Commercial Paper
 - Federal Agency Instrumentalities
 - No-Load Money Market Mutual Funds
 - Repurchase Agreements
 - STAROhio
 - Treasury Bills & Notes
 - Except as provided in Ohio Revised Code 135.14 (7)(E), any investment of interim monies must mature within five years from the date of settlement, unless the investment is matched to a specific obligation or debt of the Library.

- E. Investment Training
 - 1. No investment of interim funds shall be made unless the Investment Authority has successfully completed the on-going training approved by the Ohio Treasurer of State.
- F. Safekeeping of Securities
 - 1. The CFO is responsible for safekeeping all documents evidencing a deposit or investment.
- G. Investment Reporting
 - 1. The CFO shall submit an investment report to the Board of Trustees at their regularly scheduled meetings.
- H. Required Signatures
 - 1. All brokers, dealers, financial institutions initiating transactions with the Library by giving advice or making investment recommendations shall sign the Defiance Public Library Investment Policy, thereby acknowledging their agreement to abide by the policy's contents as well as their comprehension and receipt.
- I. Filing Requirements
 - 1. The investment policy and all subsequent amended versions shall be filed with the Auditor of State thereby allowing the Library to invest public monies in instruments not limited to interim deposits, no-load money market mutual funds or the Ohio subdivision's fund.
- J. Credit of Interest
 - 1. Interest earned on General Fund monies will be deposited to the General Fund.
 - 2. Interest earned on Capital Projects Funds monies will be deposited to the Capital Funds.
 - 3. Interest earned on the Fiduciary Funds monies will be deposited to the Bequest Fund based on the balance of funds on deposit.

Ref: ORC 135

Original Adoption: 6/27/2000
Revised: 9/28/2010
4/26/2011

SECTION 12.5 GRANTS

The Board of Trustees directs the Director/CFO/designee to research federal, state, and local grants as to their possible benefit to Library services, programs and operations.

Eligible grants will be evaluated on the following criteria:

Benefit to meet the mission, purpose, or strategic plan of the Library.

1. Ability to meet grant requirements.
2. Local match, if required, is available.

Only the Director and CFO may sign and submit grant applications on behalf of the Library.

Awarded grants must be accepted by the Board of Trustees and funds appropriated.

Ref: AOS 1997-012
 AOS 2000-008

Original Adoption 11/19/10

SECTION 12.6 GIFTS, MEMORIALS AND DONATIONS

The Board encourages contributions in the form of legacy gifts or bequests, memorials, property or cash donation, all of which are considered an important source of additional revenue and a meaningful way for patrons of the Library to support its role in the community.

Donors who wish to make a contribution to the Library will be advised to contact the Director or appropriate manager.

- Money donated for restricted purposes will be deposited in the General Fund and administered under the direction of the Director to best accomplish the desires of the donor.
- Legacy gifts and bequests will be maintained in a separate fund.
- Gifts that are expressly designated for the Building Fund will be deposited into that fund and used in a manner that the Director and Board determine appropriate, which could include investing the monies until a need arises.
- Donors wishing to make a gift in the form of a memorial, except in rare circumstances, are accepted in the form of monetary donations. The Library will make every effort to honor the donor's wishes regarding the selection to be purchased. However, the final decision rests with the Library in accordance with its needs and selection criteria. A bookplate or nameplate will be placed in the item purchased.
- If an unsolicited contribution is received by the Library, contributed funds will be deposited directly into the General Fund to be used where the greatest need exists.

Gifts of books, property, furniture, or other materials will only be accepted if they are determined useful and appropriate for the Library. Donated books and audio-visual items that are not used by the Library will be turned over to the Friends of the Library for that location for its book sales, which directly benefit the Library.

Donors of used library materials will be given a donation receipt form on which they may list the number and type of items donated, if a receipt is requested. This form will also list materials accepted and not accepted. Due to Internal Revenue Service regulations, the Library is prohibited from providing an estimate of monetary value of the donation.

Original Adoption 6/26/12

SECTION 12.7 PURCHASING

Formal Bidding Process

The library Board is required to follow the formal bidding procedures outlined in Ohio Revised Code (ORC) section 3375.41 when it “determines to construct, demolish, alter, repair, or reconstruct a library or make any improvements or repairs, the cost of which will exceed twenty-five thousand dollars, except in cases of urgent necessity or for the security and protection of library property.” In addition, special rules, laid out in ORC 153.65-153.71, apply to the purchase of professional design services. Contracts or purchase agreements for related goods or services cannot be split in order to override this requirement.

During construction, Change Orders in the amount of \$5,000 or less can be negotiated by the Director or CFO, without prior Board approval so that work is not interrupted. The total amount of these change orders cannot exceed the project contingency budget. All Change Orders must be approved by the Board at their next regular or special meeting.

Prevailing Wage

Prevailing Wage Threshold Levels are adjusted effective the first day of January of every even-numbered year by the Ohio Department of Commerce. Public authorities are required to pay the prevailing rate of wages for new construction or any reconstruction, enlargement, alteration, repair, remodeling, renovation, or painting.

All Other Purchases

The Director or CFO is authorized to negotiate contracts or agreements for the purchase or lease of goods or services for the library. The CFO or Deputy must verify that the expense is a legal expenditure of library funds, that adequate funds to cover the contract have been previously appropriated by the Board, and that funds are either available or are in the process of being collected prior to signing any contracts.

Prior formal approval of the Board of Trustees is required for contracts that exceed \$5,000.00, except:

1. In cases of emergency or where the security and protection of library property, patrons, or staff is threatened. Examples of emergencies include: fire, flood, storm damage, roof damage, theft damage to buildings or properties.
2. When purchase was included in the annual appropriations measure.
3. When an item represents an ongoing purchase of library material or service contract.

Final purchase selection for goods and services will be those that are in the best interest of and/or represent the best value to the library and support library goals.

No individual has the authority to enter into purchase contracts or in any way to obligate the Defiance Public Library System except the Director or Chief Fiscal Officer. Any such negotiations are considered as unauthorized purchases and the individual may encounter a personal obligation to the supplier.

Ref: ORC 3375.41
ORC 153.65 - 153.71

Original Adoption 10/26/07
Revised 8/28/12