

A special account shall be kept of each item of the budget, and the liabilities created against the same charged therein, so that the unexpended balance, if any, may be readily ascertained.

At each regularly scheduled meeting of the board the treasurer of the board of trustees shall submit to the board of trustees an accounting reflecting receipt and disbursement of funds belonging to the library district. RSMO§182.143.

The Treasurer, the Library Director and such other employees as the Board may designate shall, before entering upon the discharge of their duties as such, enter into bond or bonds with a corporate surety, to be approved by the Board of Trustees, in such amount as may be fixed by the Board, conditioned that they will render a faithful and just account of all money that comes into their hands and otherwise perform the duties of their office according to law. The Library shall pay the premium for the bond or bonds from its operating fund. A copy of such bond or bonds shall be filed with the Treasurer of the Board. In case of a breach of the conditions of the bond or bonds the board or any taxpayer of the library district may cause suit to be brought thereon. RSMO§182.296.

An audit of the books and accounts of the Library is recommended annually by a certified public accounting firm appointed by the Board.

No authorization or certification shall be made, and no instrument of payment shall be issued for the payment of any library district indebtedness unless there is sufficient money in the treasury and the proper fund for the payment of the indebtedness and unless the authorization, certification and instrument are in the proper form. RSMO§182.143.

The governing board of any free library district may invest funds of the district. RSMO§182.800.

i. Investments

*(See also, Appendix A, “Rock Hill Public Library Investment Policy”).*

**a. Scope**

The Board of Trustees of the Rock Hill Public Library acts as custodians of public funds and, as such, it is subject to very tight restrictions on eligible investments.

In accordance with General Municipal Law and subsequent court rulings, all funds in the Library’s control (including privately raised monies) must be invested in a limited number of financial vehicles.

**b. Objectives**

The objectives of the Rock Hill Public Library investment activities are to adequately safeguard principal, provide sufficient liquidity to meet all operating requirements, and obtain a reasonable rate of return while adhering to all applicable federal, state, and other legal requirements.

**c. Delegation of Authority**

Responsibility for administration of the investment program is delegated to the Rock Hill Library Board of Trustees. The Library Board shall establish written procedures for the operation of the investment program consistent with the investment guidelines outlined in this policy.

**d. Prudence**

All participants in the investment process shall seek to act responsibly as custodians of the public interest and shall avoid any transaction that might impair public confidence in the Rock Hill Public Library to govern effectively.

**e. Diversification**

It is the policy of the Rock Hill Public Library to diversify its deposits and investments by financial institution, by investment instrument, and by maturity scheduling.

**f. Internal Controls**

The Library Director and Treasurer are responsible for establishing and maintaining an internal control structure to provide reasonable, but not absolute, assurance that deposits and investments are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with Board of Trustees authorization, are recorded properly, and are managed in compliance with applicable laws and regulations.

i. **Accounts Receivable**

- When a payment is received by the library, the Assistant Director shall acknowledge receipt of the payment by initiating the payment,
- The Bookkeeper shall record that the payment was received, and deposit the payment to the appropriate account. The Director shall initial the deposit receipt to verify appropriate action.
- The Bookkeeper shall produce a cash flow report for each month. This report shall be reviewed monthly by the Library Board. The Treasurer shall review and initial all deposits made.

ii. **Accounts Payable**

- When an Invoice is received by the library, the Assistant Director shall initial the invoice to acknowledge receipt of the bill.
- The Director shall assess the invoice and, if appropriate, initial the invoice to attest its accuracy. If the bill is not correct, the Director is responsible for contesting. Also, the Director should review invoice for tax charges, and send notification of tax exempt status, if needed,
- Invoices should be paid in QuickBooks by the Bookkeeper, and checks printed. The

Bookkeeper shall produce a report of unpaid bills for each month.

- The report of unpaid bills will be submitted to the Library Board for approval. Once approved, the invoice shall be initialed by the Treasurer, and checks signed by the Treasurer (or Board President, when absent).

iii. **Cash Management**

- When cash is received this shall be placed in the register at the front desk.
- During their next shift, the Assistant Director shall calculate the cash held at the desk and record cash balances.
- On a biweekly basis, the Director shall audit the cash records, and remove any excess cash, which shall be deposited with the Library's banker. The deposit receipt shall be initialed by the Director and Assistant Director to verify accuracy.
- The Treasurer shall review and initial all deposits made as part of the regular financial review.
- If instead cash needs to be added to the register, the Director shall submit to the bookkeeper a request for cash. A check should be created payable to cash, and the invoice initialed by the Director and Assistant Director (who should be aware of the cash shortfall). The Treasurer (or Board President) will sign the check to be cashed by the director.
- No person at the Library shall be authorized to use a debit card, or be able to withdraw cash at will from any Library account. Any individual issued a library credit card shall be required to sign a credit card responsibility statement

iv. **Payroll:**

- Employees enter hours manually in timesheet binder at circulation desk.
- Pay period runs two weeks from Thursday through Wednesday.
- Payroll must be completed and approved by 3 p.m. the day prior to the payroll service deadline. Payroll service deducts amounts from library account on Thursday.
- Staff is paid via direct deposit on the Friday immediately following the end of the pay period.
- The Library Director, along with Assistant Director, verifies hours worked and totals each category of hours to report (hours worked; PTO taken; other leave; etc.).
- Director initials timesheets and reports totals to payroll service account specialist at Heartland Payroll, via telephone or online via secured account.
- Director reviews and verifies preliminary payroll register and payroll summary reports before authorizing final amounts. Director also verifies that the total amount to be deducted for payroll on the payroll summary report is below the limit for payroll transactions at Royal Banks (currently \$6,000).
- Director reviews and verifies accrual figures for benefits for each employee.
- Once payroll is finalized, the Director prints out final payroll register and payroll summary reports and files them with the appropriate timesheets.
- Director prints out and distributes payment vouchers to each individual employee on the Friday immediately following the end of the pay period.
- Payroll service is responsible for making monthly payments for federal taxes, and quarterly payments for Missouri taxes.
- Director will verify at the beginning of each month that the monthly payment to the federal government has been paid for the previous month by accessing EFTPS. Director will print out and file monthly payment reports from EFTPS.
- Director maintains accurate and updated paper files for personnel, as well as a master database list via payroll service of each employee.
- Director reports new hires to payroll service, and ensures that each new employee completes the appropriate tax forms (Federal and state W4s, 1-9) in a timely fashion.

v. **Income/Expense Reporting**

- On a monthly basis, the Bookkeeper shall produce a Statement of Financial Position, a Profit and Loss Statement, and a Cash Flow Statement. After review by the Director, reports shall be reviewed and approved by the Board of Trustees.

vi. **Property**

- Every three years, the Director shall engage a building inspector to perform a routine inspection on the state of the library grounds.
- The Director shall take appropriate steps to notify the Library Board of any maintenance and repair that is recommended, and take necessary action to have the work performed.

**g. Deposit of Public Funds**

The Rock Hill Public Library has designated Heartland Bank, Enterprise Bank, Mercantile Bank, Regions Bank, Unions Planters and US Bank for the deposit of public funds. The funds are deposited into a savings account, CD or money market account and transferred as needed to a checking account for operating purposes. All funds are secured in accordance with the provisions of General Municipal Law.

The Rock Hill Public Library will purchase certificates of deposit from banks and trust companies as defined by the banking law. All certificates of deposit will be FDIC insured up to \$100,000 and no one bank will have more than \$100,000.

Maturities will be staggered to maintain sufficient cash reserves if needed for current operating expenses.

**h. Collateralizing of Deposits**

All deposits of the Rock Hill Public Library, including certificates of deposits which are in excess of the amount insured under the provisions of the FDIC Act shall be secured in accordance with General Municipal Law.

**i. Safekeeping and Collateralization**

Eligible securities used for collateralizing deposits shall be held by the depository and/or a third party bank or trust company subject to security and custodial agreements in accordance with the provisions of General Municipal Law.

**j. Permitted Investments**

Certificates of deposit in commercial banks and trust companies located and authorized to do business in Missouri.

**k. Amendment of Investment Policy**

Rock Hill Public Library shall have the power to amend its investment policy from time to time in accordance with the provisions of General Municipal Law.

**l. Cash Reserves**

**Introduction**

Rock Hill Public Library (RHPL) recognizes the importance of maintaining adequate cash reserves to ensure its financial stability and preparedness for unforeseen circumstances. This policy outlines the guidelines for establishing, maintaining, and utilizing cash reserves for the Library.

**1. Sources of Cash Reserves**

Cash reserves for RHPL may be accumulated from various sources, including:

Budget surpluses generated through responsible fiscal management.

Donations designated for reserve purposes and general/unrestricted donations.

Investment income earned on reserve funds.

Any other appropriate revenue sources approved by the Board of Trustees.

**2. Cash Reserve Levels and Purposes**

RHPL will strive to maintain two distinct reserve levels:

- **Operating Reserves:**

Equivalent to at least 75% of the average of the annual operating budget over the prior 3 years.

Intended to provide financial stability and security for ongoing operations, covering:

Funding the first half of each budget year before tax revenue is received.

Meeting short-term cash flow needs.

Covering unforeseen or emergency expenses, such as legal fees, building repairs, or unbudgeted equipment replacements.

Funding staff vacation accruals in case of resignation.

- **Capital Project Reserves:**

Dedicated to future capital projects as identified in the Library's capital plan.

Amount based on the projected cost of planned capital projects, typically ranging from three to five years' worth of anticipated expenditures.

Released upon Board approval for specific capital projects.

### 3. Monitoring and Reporting

The Library Director and Library Bookkeeper shall prepare an annual report to be presented to the Board on or before the September meeting. A copy shall be sent to the State Library. The report shall detail the status of all cash reserves, including balances, investment performance, and utilization. The report will also assess the adequacy of current reserve levels relative to established goals and budget projections.

Recommendations for future use of surplus funds or adjustments to reserve levels will be presented to the Board for consideration and approval.

### 4. Investment Strategy

Cash reserves will be invested in a prudent and conservative manner, prioritizing security and liquidity over high returns.

Investment policies and procedures will be established to ensure compliance with all applicable laws and regulations.

### 5. Policy Review and Updates

This cash reserves policy will be reviewed and updated periodically, at least every three years, to ensure its continued effectiveness and alignment with the Library's strategic goals and financial circumstances.

#### Additional Considerations

- The Library Board may establish additional guidelines or restrictions on the use of cash reserves, as deemed necessary.
- All expenditures from cash reserves must be authorized by the Board of Trustees, except for emergency situations where prior approval may not be feasible.

#### Conclusion

By maintaining adequate cash reserves, RHPL can ensure its financial sustainability, navigate unexpected challenges, and invest in future growth and service enhancement for the Rock Hill community.

## vii. Anti Fraud

The Rock Hill Public Library will not accept any fraud or corruption and any case will be thoroughly investigated and dealt with.

To achieve this Rock Hill Public Library will:

- Promote an **anti-fraud culture**.
- Ensure that patrons, employees, Library Board members, consultants, contractors and suppliers understand that **fraud is unacceptable** and there are **rules and procedures** in place to report fraud.
- Have **clear roles and responsibilities** in relation to fraud.
- **Share information** with other Libraries to deal with fraud and corruption locally, working within the law.
- **Increase awareness** of fraud and corruption through communication.
- Enable staff and Library Board to document and prioritize any fraud risks.
- **Investigate all allegations** of fraud and corruption.
- Proactively **review how we work** to minimize the risk of fraud.
- Apply **appropriate sanctions** such as disciplinary action, criminal proceedings and recovery of losses when necessary.