

# **Trenton Free Public Library**

## **Fiscal Policy**

### *Fiscal Authority*

The New Jersey Statutes grants the Library Board exclusive control of the expenditure of all monies collected, donated, or appropriated to the Library. The Library Board approves the annual budget of the Library and delegates the responsibility for the management of Library monies to the Library Board Treasurer and Library Director according to this policy.

### *Accounting Policies*

#### **Basis of Accounting**

The accounts of the Library are maintained on the modified accrual basis. All Library monies are considered part of the Library Fund. The Library Fund includes the General Operating Fund, the Trust Funds, and the Contingency Reserve Fund. Trust Funds includes revenues connected with gifts and memorials donated to the Library. The Library's fiscal year runs July to June. All accounts of the Library shall be independently audited annually according to Generally Accepted Accounting Principles.

#### **Deposit & Transfer of Funds and Assignment of Interest**

The Trenton Free Public Library shall maintain an interest bearing checking account with a Trenton Bank for the General Operating Fund. The Library Board Treasurer or the Library Director or their designated Library Administration staff member is authorized to deposit or transfer funds between Library accounts in the name of the Trenton Free Public Library only. If any account compounds interest monthly, this interest is considered as revenue to the Library.

#### **Approval of Library Expenditures**

Monthly, the Library Director prepares and presents to the Library Board a list of bills for approval. The Board designated accountant will prepare all checks according to the accounts payable posting. The Library Board Treasurer and Library Director are authorized to make payment for budgeted expenses in advance of such approval in order to take advantage of discounts, for immediate needs such as emergency maintenance issues or to meet billing due dates. Such payments are ratified by the Board with the monthly list of bills. No draft on a checking account of the Trenton Free Public Library is valid without the signature of the Board President, the Board Vice-President, or the Library Board Treasurer. The Treasurer's facsimile signature may be used on any checks in the amount of less than Five Hundred (\$500) Dollars.

The Library Director or the Board appointed accountant reports monthly to the Library Board on the year-to-date status of revenues and expenditures.

#### **Disbursement of Funds to the Trenton Free Public Library from Trust Accounts**

The Library Board must approve the disbursement of monies from trust funds, bequests, or donations received or held by the Library.

## *Library Funds and Fund Descriptions*

The Trenton Free Public Library maintains the following funds.

### **General Operating Fund**

All general operating expenses and revenues of the Library shall be maintained in this fund in a checking account. Funds are available within the limitations of the adopted budget and accordance with all other library policies. Revenue from any source may be placed directly into the General Operating Fund. All invoices from vendors, contractors or other entities doing business with the Library are paid from this fund. All salaries and wages are paid from this fund. This fund balance shall be maintained at a level adequate to ensure the smooth, uninterrupted operation of the library. Capital Projects expenditures, while paid out of the General Operating Fund after transfer from any other fund, are a specific budget line-item and not considered a part of the operating budget.

### **Trust Funds**

Trust Funds include revenues connected with gifts and memorials donated to the Library. Trust fund monies may be transferred (unless specifically set for automatic disbursement) to the General Operating Fund only with the specific approval of the Library Board of Trustees. These monies shall only be used for specific expenses for which the gifts and memorials were intended.

### **Contingency Reserve Fund**

The Contingency Reserve Fund should be maintained in a bank account separate from the General Operating Fund. The source of Contingency Reserve Fund monies may include unexpended monies from the General Operating Fund, interest from accounts, or any other unexpended revenue as the Board of Trustees determines to deposit into the Fund. Reserve funds may be transferred to the General Operating Fund only with specific approval from the Library Board of Trustees. Revenues from any source may be placed in the Reserve Fund. The Contingency Reserve Fund shall be maintained at a level of no less than 10% of the previous year's operating budget. The purpose of the Reserve Fund is to maintain a reserve balance to ensure uninterrupted library service in the event of an unforeseen occurrence.