

TOWN OF CHESTER PUBLIC LIBRARY DEPOSIT AND BILL PAY PROCEDURE July 2020

For purposes of this document Board means Library Board of Trustees and Friends means Friends of the Town of Chester Public Library.

Expenditures – Town Budget:

The Town of Chester, as most municipalities, uses the voucher system for paying department bills. A voucher is a request for a bill to be paid by the Town Bookkeeper on the Library's behalf. The Town Bookkeeper holds the checkbook for all Library transactions and pays all Library bills. The Town and its Bookkeeper have no involvement with Friends Funds, Endowment funds or Endowment banking.

A summary of the Town's bill paying procedure is as follows:

For the Town's monthly Board meeting, the Town Clerk prepares an abstract from all the vouchers submitted during the month. This abstract will be approved for payment at the Town Board meeting on the second Tuesday of each month. After the abstract is approved, the Town Clerk turns over the vouchers to the Town Bookkeeper to write and send checks. Vouchers that do not make the abstract deadline will be included on the next month's abstract. Payment will be delayed a month until the next Town Board meeting.

Procedure Town Budget Bill Payment – Director

To avoid confusion, the Library Director has traditionally been the only Library representative to interact with the Town Bookkeeper on Library budget/financial matters. This does not preclude the Financial Officer from asking the Bookkeeper for simple information about account balances, procedures, etc. If the Financial Officer or other Board member wishes to confer with the Town Bookkeeper on other matters, it should be with the full knowledge and cooperation of the Director or Board President, and represent the Board in a unified voice.

The Library Director will make sure all purchases fall within the current year's budgetary guidelines. If purchases need to be made that will exceed any line item expense amount, the Director will submit a request for a budget amendment to the Board before the purchase is made.

The Director, to pay a bill, will fill out a voucher listing date, invoice number, purchase summary, price and Library Budget line item number to which the bill is allocated.

The Director will send a copy of the voucher, with scanned bill attached, to the Board Financial Officer by email. The Financial Officer will reconcile the amount of the

expense with the current budget. If the expense falls within current budgetary guidelines the Financial Officer will sign the voucher and return it to the Director by email. The Financial Officer will keep a copy for his/her records. The Financial Officer will keep a spreadsheet of current Income and Expenditures listed according to Town Budget allocation line numbers.

The Director will then also sign the voucher and give 2 copies with both signatures, and with bills attached, to the Town Clerk anytime during the month but no later than noon on the second Monday of the month. The voucher will indicate that both the Director's and Financial Officer's signature are required to process a bill for payment.

The Director will keep a copy of the bill and voucher on file in the Library for 7 years and maintain a spreadsheet file of current Income and Expenditures listed according to Town Budget allocation line numbers.

Once a month the Director will request, from the Town Bookkeeper, a report of Income and Expenditures. It should be expected that this report will be at least one month behind. The Director will reconcile his/her files with the Town report and any discrepancies should be addressed to the Town Bookkeeper for corrections. The Director will send copies of the Bookkeeper's reports to the Financial Officer who will also reconcile his/her files and report any discrepancies to the Director.

Procedure Town Budget Bill Payment – Financial Officer

At least two weeks before each regular Board meeting the Director will provide the Financial Officer with a copy of any vouchers processed as described above.

Quarterly (Mar, June, Oct, Dec) the Financial Officer will receive from the Director a report of Income and Expenditures to use for his/her Financial Report at Board meetings. The Financial Officer's report will be presented to the Board the following month (April, July, October, January). A copy of this report will be included with the minutes of the meeting for that month. The Financial Officer will reconcile his/her files with the Town report and any discrepancies should be addressed to the Director in writing for corrections.

A note on Financial Officer signatures: The Board approval of the Library yearly budget, authorizes the Director to spend funds as they are allocated in the budget. The Director does not require additional approval to begin or complete the payment process as long as expenditures are within the approved budget. The signature of the Financial Officer on the voucher is to indicate that the Financial Officer has reviewed the vouchers and that they fall within budgetary guidelines. Therefore, any expenditures not included in the budget, or adjustments that need to be made to the budget require Library Board approval before the expenditures are made. *(See below "Adjustments to Library Budget").

Adjustments to Library Town Budget

Throughout the year, it may become necessary to adjust Budget allocations. This is accomplished by either the Director or Financial Officer drafting a written resolution listing, by allocation line number, the source and amount of the funds to be moved and then the amount and destination of transferred funds. This form is presented to the Board by the Financial Officer for approval, and once approved it is signed by the Financial Officer listing the approval date. A copy of this resolution should be included with the minutes and the original given to the Library Director to submit to the Town Bookkeeper for implementation.

Town Budget Revenue – income

In keeping with Library directives and policies, the Library Director is responsible for depositing with the Town Bookkeeper, all library revenues.

Library Director will copy, in duplicate, any checks to be deposited, one copy for Bookkeeper and one for Library Records.

On these copies, list, on separate lines, the value of checks, bills, and coin in the deposit, then the total amount of the deposit.

Under the total amount, list the allocations of this deposit by number and amount (i.e. L2082 Fines Photocopies \$300).

All revenue along with the above sheet will be given to the Town Bookkeeper who will give a receipt for the deposit and then make the actual deposit at the bank. The receipt is attached to the paper with deposit details. This is to be kept on file in the Library for 7 years by the Director. The Director will then update the Income-Expense spreadsheet with deposit information.

The Library Director will provide a summary of this deposit to the Financial Officer who will use it to update his EXCEL Spreadsheet with the income information.

Friends of the Library Bill Pay Procedure

The Friends of the Town of Chester Public Library (hereafter known as Friends) are a 501c3 not-for-profit entity. They are not regulated in the same way as a Municipality and their procedures, funds and record keeping are completely separate from the Town. Their funds are overseen by the Friends Treasurer.

For clarity, Friends funds are not endowment funds and do not appear on any endowment financial reports. In addition, Friends funds given to the Library are not public funds and do not appear on any Town financial report or budget.

Records of Friends funds spent on Library expenses are kept by the Friends Treasurer and the Library Director. Friends funds paying Library expenses are considered donations to the Library and appear as such on the Library Annual Report to The Education Dept. The Library Director maintains a spreadsheet record of all individual Library expenses paid for by the Friends.

Yearly, the Friends Board prepares a budget with input from the Library Director on current Library needs. Friends budgeted funds for the Library can include, but are not limited to, payment for Library collection materials, equipment, programs, awards, prizes and incentives.

Procedure for submitting bills to be paid by Friends funds

The procedure for paying from the Friends Funds is somewhat similar to the town procedure and is as follows:

A Friends Voucher (request to pay bill) is filled out by Director, listing date, invoice number, description and amount.

This form should be in duplicate, one for the Treasurer of the Friends and one for Library records. It is not required for the Board Financial Officer to be directly involved with Friends transactions, however if the LBOT Financial Officer wishes to oversee Friends transactions, copies of Friends vouchers will be supplied to him/her to maintain a Friends Fund spreadsheet.

Two copies of the bill are attached to the Friends Treasurer copy, and one copy of the bill for the Library records, one copy for Board Financial Officer if desired.

Friends copies of vouchers and bills are signed by the Library Director and given to the Friends Treasurer who maintains an envelope in the cabinet in the Director's Office for this purpose. The Friends Treasurer picks up these bills in a timely manner and writes all the checks to pay the bills from the Friends bank account.

The Director maintains a current spreadsheet (separate from that of the Town) of all Library expenses paid by the Friends. Friends payment vouchers are kept on file in the Library for 7 years. If the LBOT Financial Officer chooses not to be directly involved, the Director will provide the Financial Officer with a copy of this spreadsheet at least 2 weeks in advance of the Financial Officer's quarterly report (April, July, October, January). In order to assess the full cost of operating the Library, the Financial Officer will include a statement of contributions made by the Friends in his/her quarterly report.

Income – Friends Funds

On occasion the Friends will request that Library staff collect funds at the circulation desk or receive funds by mail for the Friends, All these funds are pass-through collections for the Friends. They do not require staff to keep records (unless otherwise requested), but merely to collect and hold money until it can be picked up by the Friends Treasurer. All Friends funds collected (private, non-library funds) are kept separate by the staff from the petty cash drawer where public funds collected from fines, copies, printing etc. are kept.

Board Financial Officer and Friends Funds

In the past, the Board Financial Officer had no oversight role regarding Friends Funds. If the Financial Officer is charged by the Board to oversee Friends donations to the Library, a procedure to accomplish this, will be implemented as follows:

The Director will provide the Financial Officer, once a month, with a copy of all vouchers submitted by the Director to the Friends Treasurer for payment and the Financial Officer will maintain a back-up spreadsheet of all transactions of Friends Funds paid to the Library. This will be a separate sheet from the one recording Town Funds. The Library Director and the Friends Treasurer also keep these records. The Financial Officer has no reporting responsibilities regarding use of Friends Funds unless required and outlined by the Board.

Attachments:

Blank Budget Amendment form

Blank fillable pdf Voucher

Approved by the Town of Chester Library Board of Trustees July 22, 2020.