

## **Fiscal Policies and Procedures**

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### **Fiscal Policies and Procedures of the Finance Committee**

All fiscal policies shall be made and reviewed annually by the Finance Committee and submitted for Board approval at the Annual Organization Meeting. No changes shall be made without the Board of Trustees' approval.

#### **Legal Requirements for Budgeting which apply to the Powers Library**

##### **A. Sources of Revenue**

1. The legal structure of the library is an association library
2. Income is derived from:
  - a. Village of Moravia
  - b. Towns of Moravia, Locke and Sempronius
  - c. Cayuga County
2. Additional sources of income:
  - a. Finger Lakes Library System
  - b. Invested Funds (Endowment)
  - c. Donations and bequests
  - d. Fines for damaged library materials

##### **B. Budget: Operating**

1. Line-Item Budget
2. Responsibility for preparation and follow through:
  - Finance Committee of the Powers Library Board of Trustees prepares a draft in consultation with the Library Director and Business Manager
  - Draft is presented to the entire Library Board of Trustees
  - The Library Board of Trustees agrees upon the draft which becomes the proposed library budget.

### 3. Budget deadlines:

- Rough draft is presented at the November meeting of the Board.
- Library Board of Trustees approval at December meeting
- Presented to Powers Library Association at Annual Meeting in January

### 4. Budget Calendar

- January
  - Presentation of proposed budget to Powers Library Association by Board of Trustees
  - Administration action required to put the adopted budget into effect
- February/March
  - Submit request for public vote to fund the approved budget
- September
  - Request for funding from Village of Moravia
  - Request for funding from Town of Moravia
  - Request for funding from Locke and Sempronius
- October
  - Finance Committee review of last year's expenditures
  - Consideration of next year's programs
  - Estimate of all potential revenues
- November
  - Initial draft of budget presented to Board by Finance Committee
  - Discussion of budget by Library Director and Library Board of Trustees
- December
  - Necessary revision of draft budget

- Approval of budget by Library Board of Trustees

**C. Accounting Procedure**

1. The Business Manager conducts the accounting for the library.
2. The Library Director makes bank deposits of all revenues.

**D. Petty Cash**

1. The Powers Library will establish an account of \$50 to be used for small purchases made at the discretion of the Library Director.
2. The Library Director will keep receipts if available, and monitor the balance of the petty cash account, making deposits as needed.

**E. Payment of Invoices**

1. The Library Director codes invoices and attaches packing.
2. The Business Manager cuts checks, signs checks, mails payments and returns invoices with attached check stub to the Director. If the Business Manager is unable to perform these duties, the Treasurer may step in temporarily.

**F. Reconciliation of Bank Statements**

The Treasurer/Business Manager reconciles the bank statements. A member of the Finance Committee shall be appointed to review the reconciliation.

**G. Audit of Financial Records**

An Annual audit shall be conducted by the Finance Committee of the Powers Library Board of Trustees in the first quarter of the year. This audit is performed on the records of the previous calendar year.

### **Audit Procedure**

- A. Select three months at random and trace all expense payments to invoices. Verify these amounts were recorded in QuickBooks.
- B. Verify board approval for any expenses over \$3000 excluding payroll
- C. Verify that bank balance per bank statement matches bank balance per bank reconciliation. Verify that general ledger balance per bank reconciliation matches general ledger. Complete for the most recent month.
- D. Verify revenue and deposits for three months at random.
- E. Verify investment balance for balance sheet matches investment statements.
- F. Review depreciation schedules. Verify accumulated depreciation per schedule matches QuickBooks.

### **Financial Records:**

- A. Financial reports are prepared by the Treasurer/Business Manager.
- B. A monthly financial report must be completed by the second week of the following month.
- C. Current and past statements are stored in the Library Director's office.

### **H. Procurement Policy**

1. Credit Card Purchases – The Board of Trustees shall, at the Annual Meeting, designate those authorized to make credit card purchases. These purchases shall be in accordance with the Procurement Policy. All purchases must be documented with receipts and hard copies of on-line purchases. The documentation shall be attached to the monthly credit card statement, coded, and submitted to the Treasurer for payment.
2. All purchases will be approved by the Director or President of the Board of Trustees. All non-budgeted purchases shall be documented by the appropriate buyer. All purchases shall be within budget except for emergency expenses. Emergency expenses shall be sent to the Board for approval by the majority. All purchases of \$3,000 or more shall be approved by a majority vote of the Board of Trustees. When possible, local vendors will be given the opportunity to bid on projects.

3. All goods and services shall be secured using written requests for proposals, written quotations, and verbal quotation of any other method that assures the goods will be purchased at the lowest possible price and that favoritism will be avoided.
4. The following method of purchase shall be used to achieve the highest savings:
  - \$1,000 - \$4,000: Three (3) verbal quotes shall be obtained if possible.
  - \$4,000+: Three (3) written/faxed quotes shall be obtained if possible.
5. The procurement policy may contain circumstances when the solicitation of quotes will not be in the best interest of the library:
  - a. Library materials: books, magazines, AV, and other such materials intended for patron use.
  - b. Professional services or services requiring special or technical skills, training or expertise. The individual or company must be chosen based on accountability, reliability, responsibility, skill, education, training, judgment, integrity. These qualifications are not necessarily found in the individual or company that offers the lowest price and the nature of these services are such that they do not readily lend themselves to competitive procurement procedures.
  - c. Emergency purchases that must be purchased immediately when a delay in seeking alternative pricing may threaten services. This section does not preclude alternative proposals if time permits.
  - d. Local vendors should be given priority when meeting these guidelines.
6. Inventory/Fixed Assets—Powers Library shall maintain a fixed asset inventory. The inventory system should be maintained to ensure the availability of adequate insurance coverage, to provide inventory control, and to guarantee accountability. Library materials (books, audio material, software, etc.) are inventoried and valued separately and therefore excluded from this fixed asset inventory.

Fixed assets are defined as any tangible assets of the library which have a useful life of more than one year and an original value greater than \$2,500 and will be depreciated over time. When assets are no longer usable or needed, they are discarded according to library policy and marked with a discarded date on the fixed asset inventory.

7. Insufficient Appropriations—There shall be no purchases of items where there is no or insufficient appropriation. The need to transfer funds outside of the limits established by the Board shall require prior approval by the Board of Trustees.

#### **I. Wire Transfer and Online Banking Policy**

The purpose of the Library’s Wire Transfer and Online Banking Policy is to facilitate efficient banking and payment of invoices, while ensuring accuracy and segregation of duties to prevent fraud.

- The Treasurer and the Business Manager shall have access to the library’s bank accounts online. Both can view and print statements and records. Wire transfer and electronic payments are allowed as follows:
- The payroll vendor of record may debit from the checking account the amount of payroll, payroll taxes, and the payroll service fee per submitted payroll file.
- With the approval of the Board, electronic funds transfers can be set up for third party vendors if individual transfers are less than \$2,500.
- The Business Manager will set up the transactions online, and the Treasurer will log on separately to authorize the transmission.

#### **J. Investment portfolio**

The Powers Library Board is legally responsible for Powers Library’s financial management and will strive to invest public funds in a manner which provides the highest return with the maximum security while also meeting cash flow demands. All investments will conform to all applicable laws and regulations governing the investment of public funds, including those of the New York State Comptroller.

### **Objectives**

The Primary Objectives of the Library’s financial investments are, in priority order:

**1. Safety of Principal**

Safety of principal is the foremost objective. All investments shall be undertaken in a manner that seeks first to preserve capital and second to fulfill other investment objectives.

**2. Liquidity**

The library’s investment portfolio will remain sufficiently liquid to enable the library to meet all operating requirements which might be reasonably anticipated.

**3. Return on Investments (Yield)**

The library’s investments should generate the highest available return without sacrificing the first two objectives.

**Funds**

The Board may establish funds for money and security of the library. All money, from whatever source derived, will be received into funds established by the Board under authority of law. The authorized funds are as follows:

● **Library Operating Fund**

All money collected from tax levies, interest on investments, government, fees, fines, and other revenues shall be deposited into the “Library Operating Fund,” and must be budgeted and expended in the manner required by law.

● **Special Restricted Funds**

Any money awarded through grants or received from private donors and restricted to special purposes shall be deposited into funds separate from the operating fund to help ensure the appropriate and intended usage of the funds.

● **Delegation of Authority**

The Director and Treasurer shall implement the investment program and establish investment procedures consistent with this policy. No person may engage in an investment transaction except as provided under the terms of this policy.

### **Deposit Requirements**

The Library's Board of Trustees shall designate its public depositories. Any eligible financial institution that has offices within the State of New York may become a public depository of the funds of the library.

### **Reporting**

The Treasurer shall provide the Board of Trustees with monthly reports which clearly provide the following information regarding the investment portfolio:

- Types of investment and cash position
- Depository institutions
- Principal balances

### **Ethics and Conflicts of Interest**

Those involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the library investment program, or that could impair their ability to make impartial decisions.

### **K. Electronic Transfers**

The following type of transactions may be conducted by electronic transfer between financial institutions to expedite the transfer of funds as well as maximize interest earnings:

- All investment transfers for certificates of deposit and savings accounts authorized by the Treasurer of the Board of Trustees
- Payroll for Library employees
- To satisfy long-term bond or debt obligations when required by a

depository trust company.

### **Financial Procedures**

The Treasurer or designated fiscal officer will maintain appropriate documentation of the transactions so these may be audited as required by statute.

**The Board of Trustees is the custodian of the funds of Powers Library. At the Annual meeting, the Board shall authorize the Finance Committee, under the leadership of the Treasurer, to administer this account.**

The account shall be administered in accordance with the goals set out by the Board of Trustees.

Account: Merrill Lynch Working Capital Management Account

Objectives of the investment activities are to adequately safeguard principle, 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. All investments shall be made with judgment and care, under circumstances then prevailing, not for speculation but for investment. Safety of principle as well as probable income shall be considered.

1. All participants involved in the investment process may make suggestions, recommendations and advice on investment decisions.
2. Investment account—Income from the portfolio shall be deposited into the Working Capital Management Account. Two board members shall be appointed by majority at the Annual Meeting to be responsible for withdrawing and transferring funds from the money market as deemed necessary to cover operating expenses. Any withdrawals from the money market shall be brought to the entire Board at the subsequent meeting and made part of the minutes.
3. Investment/equities account—Any changes in the Working Capital Management Account portfolio shall be made by the Treasurer/Business Manager and the Finance Committee in

accordance with the investment guidelines set by the entire Board of Trustees. Any changes shall be brought to the entire Board at the subsequent meeting and made part of the minutes.

4. Reconciliation of investment account—The account shall be reviewed monthly by the Finance Committee Chair, or if unavailable, any member of the Finance Committee.