



Financial Management Policy

Amendment

This policy may be amended by a two-thirds vote of the membership of the board of trustees, provided the amendment has been submitted in writing at the meeting prior to the one at which an amendment is to be considered.

Fiscal Year and Budget

The fiscal year of the Lindenhurst Memorial Library shall commence on July 1st and end on June 30th of the following calendar year. The Director shall annually draft a preliminary budget for discussion and development by the Board of Trustees no later than January 30 . The Board of Trustees will review the proposed annual budget proposal during a regularly scheduled open public meeting.

Annual Audit

The Library will retain the services of a certified public accountant who will provide advice, consultation, and perform an annual audit in accordance with generally accepted accounting standards and in conformity with the requirements of the New York State Office of the Comptroller.

A written report, including an opinion on the financial statements, shall be prepared by the accountant at the close of each fiscal year. This report shall be presented to the trustees at a regularly scheduled Board meeting following its receipt for consideration and approval.

Duties of the Treasurer

The Library will appoint a Treasurer, who pursuant to law, shall not be a member of the Board. The duties of the Library Treasurer are outlined on pages two (2) and three (3) of the Library's Bylaws. The Treasurer is appointed annually at the re-organization meeting of the Board to serve at the pleasure of the Board.

Financial Report

The Director will present to the Board of Trustees a monthly financial report that will include:

- Warrants

- Summary of account cash balances
- Listing of coded receipts and disbursements including year-to-date totals for all library funds/accounts

Purchasing

All products purchased by the Library will require a signed purchase order. Purchase orders must have approval by the Director before a purchase is made. The Director may delegate portions of his/her duty to his/her designee if needed. Environmentally friendly and sustainably sourced supplies will be given preference when possible. Local vendors and businesses will be used for purchases when possible.

All services procured by the Library require a written contract. The Director is responsible for the signing and maintaining of contracts. The Director may delegate portions of that duty to his/her designee if needed. Contracts shall be delivered and returned electronically when possible. All Library purchases will be made in accordance with lawful procedure.

The competitive bidding threshold under General Municipal Law Section 103 for contracts for public works is \$35,000 and the threshold for purchase contracts is \$20,000. Reasons to dispense with competitive bidding may include “best value” pre-negotiated state or federal purchasing contracts, emergencies, leases, professional services and sole source procurements. Vendors with environmentally sound and sustainable business practices will be prioritized when possible as part of the Library’s commitment to sustainability and its Sustainable Library Certification.

If, in the opinion of the Director, purchases that exceed these thresholds need not be subject to competitive bidding, the Director will make a recommendation for purchase to the Board of Trustees and present the grounds upon which bidding is not required. This will be done at a regular meeting of the Board of Trustees. The Board must agree (by legal vote) with the Director’s recommendation for the purchase to be made.

When it is in the Library’s benefit to add to or upgrade an existing system or equipment by using the same vendor who supplied the original existing system or equipment the Director must obtain Board approval before making such a purchase.

Items or services costing at least \$7,500, but falling below the General Municipal Law Section 103 amounts, will be brought to the attention of the full Board of Trustees for discussion and approval. The Director may authorize the purchase of items or services costing less than \$7,500.

For purchases that exceed \$5,000 the Director must obtain at least two written bids. For any purchase that exceeds \$7,500 the Director must obtain at least three bids. This

process of soliciting competitive quotations, , is not necessary if the procurement is from a “sole source” vendor.

In the event of a serious emergency that threatens safety or the ability of the Library to remain open to the public, the Director is authorized to take necessary action, at a cost of which shall not exceed \$25,000, if calling an emergency meeting of the Board of Trustees beforehand is not practical.

Bill Paying and Prepayment of Unapproved Bills

Bills incurred by the Library require a signed purchase order to be paid. Purchase orders shall be matched with appropriate documentation. If a staff member incurs expenses in the course of his/her duties, the employee must submit a form and receipts for reimbursement. All purchase orders must be signed by the Director or his/her designee for approval for payment. The Treasurer and the Board President shall review each payment and co-sign each draft used for payment. If one co-signer is unavailable to review payments and sign checks, another officer of the Board of Trustees may do so. All payments shall be presented to the Board of Trustees at each regular meeting in a manner prescribed by the Board and reviewed and approved by Board motion as appropriate.

In order to avoid the expense of late charges, service interruptions or required timely payments, the Director or his/her designee may pay certain bills prior to their approval on the monthly payment of invoices.

Invoices which may be paid by check prior to final Board approval include:

- Public Utility Services (Electric, gas, water, sewer, internet and phone services)
- Postage, Freight, and Express Charges (FedEx, USPS, UPS, etc.)
- Petty Cash Expenses (as per Petty Cash Policy)
- Authorized Library credit card account payments
- *Payroll or payroll withholdings.
- *Retirement Contributions (NYS Local Retirement System)
- *Principal and/or interest payments on debt on their respective due dates

Claims should be reviewed as soon as possible after payment and included within the next scheduled warrant as prepaid amounts. Payment must adhere to the Library budget and established policies and procedures.

*These payments need not be on a monthly payment of invoices but should be reported to the Board at the next Board meeting for approval.

Gifts and Donations

The Lindenhurst Memorial Library welcomes financial and material donations. Subject to their acceptance, financial gifts will be used at the Library's discretion unless the donor requests a special usage agreement. For donations of \$10,000 or less this agreement can be made between the donor and the Director. For gifts of more than \$10,000 the Board of Trustees must approve the agreement.

Legacy donations that recognize the Library as a beneficiary in a patron's will or trust will be recognized on a plaque to be displayed in the Library.

The Library may accept physical donations of Library materials. The Library will choose to accept materials based primarily on the condition of the item, the popularity of the item, the accuracy and currency of the information contained in the item, and whether the item compliments the current holdings in the Library's collection.

The Lindenhurst Memorial Library retains full control over all donated materials. Donated items are added to the Library's collections, given to other institutions or disposed of in other manner, such as recycled books programs offered by specific vendors, at the sole discretion of the Library. No agreement will be made to waive this control.

The Library does not provide pick-up service for donated materials and all deliveries of large scale donations must be arranged in advance with the Director or his/her designee.

The Library will acknowledge all donations in writing. Only in the case of financial gifts will monetary values be recognized. It is the responsibility of the donor to have materials appraised before donating them to the Library.

Disposal and Sales of Surplus or Donated Items

The Director may dispose of surplus items in any legal manner. The Director is authorized to sell donated items using either a closed bid system for items valued at more than \$1,000 or a set price system for items valued at less. The sales of items using a closed bid system should be reported to the Board of Trustees at the meeting following the sale. The sales of items using a fixed price system should be reported to the Board of Trustees within the monthly financial report. Disposals of items that originally cost more than \$2,000 should be reported to the Board of Trustees. Disposal of items that originally cost more than \$10,000 should be pre-approved by the Board of Trustees.

Petty Cash

The Library will establish an account of \$550 to be used for small purchases made at the discretion of the Director or his/her designee. Expenditures from such funds may be made in advance of review by the Board, but only after submission of properly itemized and authentic vouchers. Receipts will be retained for all purchases made from the petty cash account and presented to the Board of Trustees within the monthly warrant. The petty cash fund shall be replenished as needed following the approval of the monthly warrant at a regular meeting of the Board of Trustees.

The Library will have a separate petty cash fund of \$150 for Passport Agency mailing fees. Receipts will be retained for all postage purchases made from the postage petty cash account, and presented to the Board of Trustees within the monthly warrant. The postage petty cash fund shall be replenished as needed following the approval of the monthly warrant at a regular meeting of the Board of Trustees.

The petty cash fund shall be replenished at the beginning of the Library's fiscal year, and closed out at the end of the Library's fiscal year and any remaining monies transferred to the general fund.

Credit Cards

The Lindenhurst Memorial Library maintains credit card accounts for Library-related purchases only. The purpose of the credit card is to facilitate purchases. It will be used for vendors which do not invoice or accept purchase orders, or where it is not possible or practical to establish a store account. The credit card will not be used to pay for services received by the Library. Each credit card is to have a total limit of \$ 8,000.

The Library Director, and/or the Head of the Business Office will be responsible for the issuance of cards, account monitoring, retrieval and compliance with the credit card policy. Authorized users of the credit cards are the Library Director, Assistant Director, Head of the Business Office, Head of Youth Services and Head of Information Services. Additional users may be added subject to the Library Director's recommendation to the Board of Trustees and will be listed in the minutes as approved. Thereafter, approval will be authorized annually at the Board of Trustees Organizational Meeting in July.

Authorized users will be responsible for the credit card use and will not permit the card to be utilized by anyone else or for any unauthorized purchases. Authorized users will surrender their credit card upon leaving the employ of the Lindenhurst Memorial Library or as requested by the Board of Trustees or Library Director. A copy of this requirement will be signed by each authorized user and placed in his/her personnel file.

Documentation and original receipts detailing the goods and materials purchased must

be submitted to the Business Office within three business days in order for payment to be approved. Purchases must adhere to established Library policies and procedures as well as any local, state or other laws or regulations. Prior approval from the Library Director or his/her designee and a purchase order are generally required prior to any purchase. Cash advances, cash withdrawals, fines and private expenses are not authorized credit card uses. Failure to adhere to this policy may result in disciplinary action or termination.

Any benefits, goods or services derived from the use of the credit card shall be the property of the Lindenhurst Memorial Library. The credit card shall be obtained from a bank which has been designated as an official depositor bank for Library funds.

Deposit of Funds and Cash Receipts:

The Director, or his/her designee, is authorized to deposit all available Library funds in the short-term account that he/she feel best meets the Library's current financial requirements.

The Director is to report the deposit of all Library funds to the Board of Trustees in the monthly financial report.

The Director, or his/her designee, will deposit all available Library funds into authorized accounts in a timely manner.

The Library may collect monies from fines, fees, donations, programs and other sources. All checks received by the Library shall be stamped "for deposit only" and maintained in a secure location until being deposited into the Library's bank account.

The same employee may not count cash receipts and deposit such funds in the Library's bank accounts.

Online Banking and Wire Transfers:

The Lindenhurst Memorial Library has entered into a written agreement with First National Bank of Long Island for online banking services. Unique user ids and passwords are individually secured. Online banking will only take place through the employee's designated Lindenhurst Memorial Library computer.

The Director serves as the administrator of the accounts. The head of the Business Office is a sub-user on the accounts. Each employee with online access may review accounts on a weekly basis for unusual activity.

. Internal account transfers, stopping payment on a check, and printing/viewing statements are authorized bank activities. Wire transfers and electronic payments to vendors are not allowed, except debits in the following instances:

- The Library's official payroll provider is authorized to debit from Payroll Checking the amount of bi-weekly payroll, payroll taxes, and the payroll service fee per the submitted payroll file.
- NYS Retirement is authorized to debit from Payroll Checking the employee contributions withheld from employee's paychecks per the Monthly Retirement Report.

The Library's VISA credit card is viewable on the First National Bank of Long Island card servicer website. The Library Director or his/her designee may add/remove cardholders, and change cardholder limits.

Investments:

All moneys and other financial resources available for investment on behalf of the Lindenhurst Memorial Library are to be governed by the following:

The primary objectives of the Library's investment activities are, in priority order,

- To conform with all applicable federal, state and other legal requirements (legal);
- To adequately safeguard principal (safety);
- To provide sufficient liquidity to meet all operating requirements (liquidity); and
- To obtain a reasonable rate or return (yield)

The governing board's responsibility for administration of the investment program is delegated to the Library Director. The Director shall follow the written regulations for the operation of the investment program consistent with these investment guidelines which are approved annually by the Board of Trustees. Such regulations shall include adequate internal control structures to provide a satisfactory level of accountability based on a database or records incorporating description and amounts of investments, transaction dates, and other relevant information and will regulate the activities of employees regarding the investing, monitoring and reporting of the Library's funds.

In accordance with this policy the Director or his/her designee is authorized to invest and/or deposit all funds, including proceeds of obligations and reserve funds, in time-deposit accounts, certificates of deposit, government securities, or other investments permitted by law, subject to this policy and the aforementioned regulations. The Director and the Board of Trustees shall seek to act responsibly as custodians of the public trust and shall avoid any transaction that might impair public confidence in the Lindenhurst Memorial Library.

Instruments shall be procured with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise the management of their own affairs, not for speculation, but for investment, considering the safety of the principal as well as the probable income to be derived.

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

The Library Director or his/her designee is responsible for establishing and maintaining an internal control structure to provide reasonable assurance that deposits and investments are safeguarded against loss from unauthorized use or disposition; that transactions are executed in accordance with management's authorization and recorded properly; and are managed in compliance with applicable laws and regulations.

The banks and trust companies authorized for deposit of moneys up to the maximum amount of \$3,500,000 per account are as follows:

- JP Morgan Chase
- Capital One
- TD Bank
- Ridgewood Savings Bank
- First National Bank of Long Island

In accordance with the provisions of General Municipal Law (GML) § 10, all deposits of the Lindenhurst Memorial Library, including certificates of deposits and special time

deposits, in excess of the amount insured under the provisions of the Federal Deposit Insurance Act shall be secured.

1. By a pledge of “eligible securities” with an aggregate “market value” as provided by GML 10, equal to the aggregate amount of deposits from the Schedule of Eligible Securities.
2. By an eligible surety bond payable to the Library for an amount at least equal to 100% of the aggregate amount of deposits and the agreed upon interest, if any, executed by an insurance company authorized to do business in New York State, whose claims paying ability is rated in the highest rating category by at least two nationally recognized rating organizations.

Schedule of Eligible Securities

(i) Obligations issues are to be fully insured or guaranteed as to the payment of principal and interest, by the United States of America, an agency thereof or a United States government sponsored corporation.

(ii) Obligations issued or fully insured or guaranteed by the State of New York, obligations issued by a municipal corporation, school district or district corporation of NY State or obligations of any public benefit corporation, which under a specific NY State status may be accepted as security for deposit of public moneys.

(iii) Zero coupon obligation of the United States government marketed as “Treasury STRIPS.”

Fund Balances:

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the Lindenhurst Memorial Library’s policy is to apply restricted net assets first. The Library Board of Trustees accepts the following asset spending order, as defined in Governmental Accounting Standards Board (GASB) Statement No. 54:

NON-SPENDABLE - amounts that cannot be spent because they are in a non-spendable form or legally or contractually required to be maintained intact, including prepaid items, inventories, long-term portions of loans receivable, financial assets held for resale, and principal of endowments.

RESTRICTED - amounts that can be spent only for the specific purposes stipulated by external resource providers, for example, grant funds. Restrictions

may be changed or lifted only with the consent of the resource providers.

COMMITTED - amounts that can be used only for the specific purposes determined by the Library Board of Trustees as the highest level of decision making authority. Commitments may be changed or lifted only by the Library Board of Trustees taking the same formal action that imposed the constraint originally.

ASSIGNED - amounts intended to be used by the Library for specific purposes. Intent can be expressed by the Library Board of Trustees or by an official or body to which the Library Board of Trustees delegates the authority. Assigned fund balance generally includes encumbrances and appropriated fund balance.

UNASSIGNED - Fund balance is the residual classification for the general fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose.

Fund balance comprises the net financial resources available to finance expenditures within current or future periods. The Library's Unassigned General Fund balance will be maintained to provide the Library with financial stability and a margin of safety to fund unanticipated contingent expenditures that may occur unexpectedly during the fiscal year. The Unassigned General Fund balance used for these purposes may only be appropriated by resolution of the Board of Trustees unless voter approval is required.

Any portion of Fund Balance may be applied or transferred for a specific purpose either by voter approval if required by law or by formal action by the Board of Trustees if voter approval is not required. Amendments or modification to the applied or transferred fund balance must also be approved by formal action of the Board of Trustees.

The Board of Trustees shall delegate the authority to assign fund balance, for encumbrance purposes, to the person(s) to whom it has delegated the authority to sign purchase orders. In circumstances where an expenditure is incurred for a purpose for which amounts are available in multiple fund balance classifications (e.g., expenditures related to reserves) the designated person shall select the account to be debited.

The Board of Trustees will assess the current financial condition of the Library to determine the order of application of expenditures to which the fund balance classification will be charged.

Adopted February 21, 2018
Revised December 18, 2021
Revised October 23, 2023

APPENDIX A: SCHEDULE OF ELIGIBLE SECURITIES

- 1) Obligations issued, or fully insured or guaranteed as to the payment of principal and interest, by the United States of America, an agency thereof or a United States government sponsored corporation.

- 2) Obligations issued or fully insured or guaranteed by the State of New York, obligations issued by a municipal corporation, school district or district corporation of such State or obligations of any public benefit corporation, which under a NY State statute may be accepted as security for deposit of public moneys.

- 3) Obligations of domestic corporations rated in one of the two highest rating categories by at least one nationally recognized statistical rating organization.

- 4) Any mortgage rated securities, as defined in the Securities Exchange Act of 1934, as amended, which may be purchased by banks under the limitations established by bank regulatory agencies.

- 5) Commercial paper and bankers' acceptances issued by a bank, other than the Bank, rated in the highest short term category by at least one nationally recognized statistical rating organization and having maturities of no longer than 60 days from the day they are pledged.

- 6) Zero coupon obligations of the United States government marketed as "Treasury strips".

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