

Effective Date: March 2008

Financial Policy

The objectives for the Seymour Library funds are to build and maintain a prudent, non-speculative investment portfolio to obtain an increasing source of annual income for operating purposes, and as a source for capital improvements of emergency needs as defined in Board approved guidelines.

The library currently holds and operated there (3) different funds. They are as follows:

- 1) General or Operating Fund
- 2) Capital Fund
- 3) Endowment Fund

Each of these three funds contains monies for general and specific items. The underlying operational procedures of each of these funds are as follows:

GENERAL OR OPERATING FUND:

This fund is used for the general operation of the library, to include both building and personnel needs. Most, if not all, of these items have been pre-determined through the budget, its process and approval of the full Board.

Money moves in and out of this fund as follows:

IN:

Funds are deposited by the Board approved treasurer.

These funds are derived from sources identified by the budget.

On occasion, funds from another source (gifts/donations) may be deposited in this account until spent per the instruction of the giver(s). This is done to allow for a written receipt (check) of the expenditure.

OUT:

Most funds that move out of this account are considered to be expenses per the budget and are handled as such. That process is as follows:

An invoice is presented to the library. If indeed payable, the library prepares a voucher that is approved at the monthly Board meeting and signed by two (2) Board members.

The signed voucher is sent to the Library's Treasurer and a check is drawn to the vendor for the approved amount.

These checks require two (2) signatures to be valid, one of which must be the Library Director or Library Board President. Currently, through Board approval, the Library Director, Library Board

President, Library Treasurer and the Brockport Village Clerk are authorized to sign these checks. This authorization is to be assigned annually at the November organizational meeting or at any monthly Board meeting should the need to change arise.

On occasion, excess funds are transferred to different banks for deposit, so as to maximize interest income. This transfer shall be done by check drawn from Bank "A" and made payable to the Seymour Library account at Bank "B". This transfer can be done by the appointed treasurer.

CAPITAL FUND:

This fund is used for the non-budget, capital expenditures for the Library. These expenditures can range from buildings and grounds needs to furniture/computer equipment purchases. Purchases may also be allowed to include Library Material in the event of a major purchase not outlined in the budget. Great caution should be implemented with these funds, since fund replenishment is very limited. Any and all expenditures out of this account require Board approval.

Money moves in and out of this fund as follows:

IN:

Money for this account can be derived from many sources including:

Interest income from existing balances

Gifts

Library operational budget

OUT:

All funds that move out of this account need to be previously approved by the Board. Once approved that process is as follows:

An invoice is presented to the library. If indeed payable, the Library prepares a voucher that is approved at the monthly Board meeting and signed by two (2) Board members.

The signed voucher is sent to the Library's Treasurer and a check is drawn to the vendor for the approved amount.

These checks require two (2) signatures to be valid, one of which must be the Library Director of Library Board President. Currently, through Board approval, the Library Director, Library Board President, Library Treasurer and the Brockport Village Clerk are authorized to sign these checks. This authorization is to be assigned annually at the November organizational meeting or at any monthly Board meeting should the need to change arise.

On occasion, excess funds are transferred to different banks for deposit, so as to maximize interest income. This transfer shall be done by check drawn from Bank "A" and made payable to the Seymour Library account at Bank "B". This transfer can be done by the appointed treasurer.

ENDOWMENT FUND:

This fund holds money derived from gifts and donations to the library, given over time and allowed to accumulate. Interest accrual on this account has also contributed to the overall fund balance. The interest earnings from this account may be used to help aid the operational budget needs of the library. This would be shown each year inside the library's approved annual budget.

The principal portion of the fund is only available for expenditures under extreme financial hardships or conditions. The process to access and spend any portion of the principal is accomplished in the same manner as the Seymour Library By-Laws are changed (by a two-thirds majority vote of the members. Changes will be presented at an initial meeting. The minutes will reflect the proposed change. The vote for the change will happen at the following meeting.)

Great caution should be taken with these funds as past benefactors have given generously, thinking their donations would be held in perpetuity, so that interest income derived from their money would help the library with its expenses well into the future.

Money moves in and out of this fund as follows:

IN:

Money for this account can be derived from many sources including:

Interest income from existing balances

Gifts

Library operational budget (Only if previously withdrawn from the fund and a surplus in the operations budget is later recognized.)

OUT:

All funds that move out of this account need to be previously approved by the Board. Once approved that process is as follows:

The appointed Library Treasure, when directed by the Library Board President, will transfer funds to the appropriate account. Then all expenditures will follow the same procedures as the two previously outlined accounts.

DONATIONS:

Cash donations to the library which are not bequests are handled in the following manner:

Restricted donations will be deposited into the General Fund. The Library Director will ensure that these monies are used for the purposes intended by the donor.

Unrestricted donations of \$500.00 or less shall be deposited into the General Fund and used at the discretion of the Library Director.

Unrestricted donation larger than \$500.00 shall be deposited at 50% to the General Fund to be used at the discretion of the Library director, and 50% to the Endowment Fund.

TRUST FUND:

A member of the Board shall be selected and approved by a majority vote to act as the Fund Trustee. The Fund Trustee will be authorized to invest funds as per General Municipal Law and the Policies and Procedures of the Seymour Library Board. The Fund Trustee serves a one year term, and shall be elected at the November annual organizational meeting of the Seymour Library Board of Trustees. The Fund Trustee is charged with reporting to the Library Board at monthly Board meetings.

Adopted: March 2008

Revised:

Reviewed: