



Policy #400-1

Adopted Date: March 2008

Revised Date: June 2021

Finance/Reserve Fund Policy

The Library Board of Trustees recognizes its responsibility to the residents and taxpayers to assure that Seymour Library maintains an internal accounting and administrative control system that protects the Library's financial resources. The Trustees will serve in an advisory and oversight role to assure that the integrity of the Library's finances remain unimpeachable.

BUDGET

The Director shall annually draft a budget for development with the Finance Committee, and then Trustee discussion and approval, on a timeline in accordance with the fiscal years of the funding municipalities.

PAYMENT OF BILLS

The Finance Chairperson and one Trustee will alternate the responsibility of reviewing bills monthly before the scheduled board meeting.

The Trustees will review the Vendor Balance Summary (all bill transactions) and approve the Summary at their regular monthly board meeting.

The Library Director shall be authorized to prepay any of the following obligations prior to the Trustees voting on Vendor Balance Summary:

1. Payments under contractual agreements previously approved and authorized by the Board of Trustees.
2. Payment of utility bills and other time sensitive items so that finance charges are not incurred.
3. Payroll and related expenses, insurances, taxes, etc.

In the event of the lack of a quorum at a regular monthly Board meeting, the Director is authorized to pay the bills so as not to incur unnecessary late fees. The unapproved Vendor Balance Summary must be presented and approved at the next regular Board meeting.

SEYMOUR LIBRARY FUNDS

The library currently holds and operates 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, this process and approval of the full board.

Money moves in and out of this fund as follows:

Deposits:

Funds are deposited by Seymour Library's Bookkeeper.

Withdrawals:

Funds that move out of this account are expenses per the budget and are handled as such. That process is as follows:

When an invoice is received the Bookkeeper prepares an unpaid bills detail report that is signed by the Library Director, Finance Chairperson and one Trustee and approved by the Board of Trustees at the monthly Board meeting.

The approved, signed unpaid bills detail report is sent to the Library's Treasurer the day after the Board meeting and a check is drawn, signed, and sent to the vendor for the approved amount.

CAPITAL FUND:

This fund is used for the non-budget, capital expenditures for the Library exceeding \$2,500 with a useful life of more than two years. 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 used with these funds since fund replenishment is very limited. All expenditures out of this account require Board approval.

Money moves in and out of this fund as follows:

Deposits:

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

Interest income from existing balances

Gift/Donations/Trusts

Withdrawals:

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

When an invoice is received the Bookkeeper prepares an unpaid bills detail report that is signed by the Library Director, Finance Chairperson and one Trustee, and approved by the Board of Trustees at the monthly Board meeting.

The approved, signed unpaid bills detail report is sent to the Library's Treasurer the day after the Board meeting and a check is drawn, signed, and sent to the vendor for the approved amount.

ENDOWMENT FUND:

This fund exists independent of the operating fund and whose purpose is to generate supplemental revenue for the library.

This fund holds money derived from gift donations to the Library often for specific purposes. Interest accrual on this account has also contributed to the overall fund balance.

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 by a two-thirds majority vote of the Board of Trustees. Changes will be presented at an initial meeting. The minutes will reflect the proposed change. The vote for the change will happen at the Special Board meeting or the next scheduled monthly Board 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 for this account can be derived from many sources including:
Interest earned from the endowment fund, Gifts and Trusts.
Earnings from these funds become operating funds.

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

OTHER FINANCE SOURCES

DONATIONS: See Policy 400-2, Gifts to the Library

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

Restricted donations will be deposited into the general bank account with an indication of restriction. The Library Director will ensure that these monies are used for the purposes intended by the donor.

Any unrestricted donations of \$1,000 or more is used at the discretion of the Library Director and Library Board.

PRIVATE TRUST FUND:

If needed, a member of the Board shall be selected and approved by a majority vote to act as the Fund Trustee, normally the Finance Committee Chairperson. 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 is charged with reporting to the Library Board at monthly Board meetings.

AUDIT AND CONTROL OF FUNDS:

Seymour Library has established a "claims auditing" procedure where the Finance Committee Chair and one trustee are assigned to review monthly bills and report back to the full board for payment approval. All trustees are encouraged to exercise due diligence in the review of claims.

The Seymour Library submits a financial report as part of the New York State Library Annual Report. In addition, the Library submits an Annual Update Document (AUD) to the New York State Comptroller and a Form 990 to the IRS.

EXTERNAL AUDIT:

An external audit with an independent firm will be conducted every five years.

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Reviewed: