

# Coburn Free Library

## Financial Policy

The policies and procedural guidelines are designed to:

- Protect the assets of the Library,
- Ensure the maintenance of accurate records of the Library's financial activities
- Provide a framework of operating standards and behavioral expectations
- Ensure compliance with federal, state and local legal and reporting requirements

Exceptions to written policies may only be made with the prior approval of the Board of Trustees. Changes or amendments to these policies may be approved by the Board of Trustees at any time. A complete review of these policies shall be conducted every five years by the Board of Trustees. All personnel with financial responsibilities are expected to be familiar with and operate within the parameters of these policies.

This guide is separated into two sections: Financial Policies and Financial Procedures.

### Financial Policies

The Coburn Free Library establishes this policy in order to comply with generally-accepted auditing standards and the principles of responsible financial management.

- I. **Budget**: The Coburn Free Library Board of Trustees will approve an annual budget based on the annual reconciliations of the past three years. This budget will determine how funds are spent in the coming year. Board approval is necessary in order to spend funds or make financial commitments to projects that have not already been incorporated into the approved budget. (Grants obtained which completely cover the materials being purchased are excluded from this requirement.) The Executive Director and Treasurer are responsible for notifying the Board of anticipated insufficiencies in any fund category that may require a budget amendment.
- II. **Daily Management**: The Executive Director is responsible for the day-to-day financial management of the organization. This includes preparing disbursements, preparing deposits, maintenance of financial logs, and review of bank accounts. The Executive Director does NOT have signing privileges on any account.
- III. **Personnel**: The Board of Trustees authorizes the Executive Director to hire and supervise staff and independent consultants. This includes the authority to complete staff performance reviews, improvement plans, and dismissal as necessary. The Executive Director will keep an accounting of staff hours, benefits, and leaves.
- IV. **Payroll**: Payroll is a contracted service with a local accountant. All payroll deductions, state and federal requirements, minimum wage requirements, and tax form filings are the responsibility of the contracted accountant. Per the accounting staff, the following tax forms are filed: 990 (annually), 941 (quarterly), and sales tax forms (quarterly).

- V. Monthly accounting: Each month, the Executive Director compares bank statements with the financial log, interest earned, deposit records, and disbursements made. The bank statements along with supporting documentation are entered by the Executive Director into accounting software. Financial reports are run for the Board of Trustees meetings.
- VI. Dual control: No one person should control or perform all key aspects of a transaction or financial event. Dual control has been instituted by the Library and assists the Board in maintaining adequate fiscal oversight of the expenditure of funds.
- VII. Treasurer Responsibility: The Board Treasurer is responsible for ensuring dual control and reviewing Library financial procedures. The Treasurer or other Board Trustee designated by the Treasurer performs all final approvals on payments and may request an item review by the entire Board before approval. The Treasurer (or designated Trustee) reviews all payments, receipts, and electronic/debit purchases. The Treasurer uses reports provided by the Executive Director to present financial reporting to the Board at each meeting.
- VIII. Reconciliation Reporting: Each month, a reconciliation report is prepared by the Executive Director and is reviewed by the Treasurer. Financial reports provided monthly are Profit and Loss with percentage of budget and Balance Sheet. A Payroll Report is provided by our accountant. These reports are available for review at each Board of Trustees meeting.
- IX. Signatories: Check signing ability is vested with the Library Board. The check signers will be designated by the Board of Trustees. Currently, the Board President has signing privileges on all bank accounts. The Treasurer also has signing privileges granted by the Board. The Board grants signing privileges to any member of the Board, if necessary to keep business processes functioning. The contracted accountant also has signing privileges on all accounts and has permission to exercise signing privileges for payroll and tax purposes only unless specifically requested by the Board of Trustees to sign for another purpose.
- X. Endowment policy: The Coburn Free Library endowment is a result of multiple gifts of varying size to the original endowment established by library founders Andrew Coburn and Frederick Hewitt. The funds are placed under professional management with Chemung Canal Trust Company 203 Main Street, Owego, NY, and are treated as one fund for investment purposes in order to gain the benefits of a more diversified investment portfolio.
  - a. The intention of the Board of Trustees is to prudently manage the endowed funds to protect the endowment's principal while providing much-needed funds for the library's operation.
  - b. Chemung Canal Trust Company provides a monthly report on the investment portfolio which includes the types of investment and cash position, depository institutions, and principal balance. This is available upon request from the Executive Director.
- XI. Gift Policy: The Library recognizes the great importance of gifts and donations to its success and growth. Without individual donations, such as the one made by Frederick Hewitt, the library building would not exist. The library welcomes gifts of money, library materials, furnishings, securities, and property. These gifts are an important part of the library's resources.
  - a. Monetary contributions intended for use within the financial year will be kept in operating funds. These are to be used as designated by the donor. If the donor does not

direct the donation, it is used at the discretion of the Executive Director as approved by the Library Board of Trustees.

- b. Monetary contributions not earmarked for use within the year are added to the Library's Endowment Fund, which is administered by the Coburn Free Library Board of Trustees to support the mission of the Coburn Free Library.
  - c. Gifts of cash, securities, real property, and bequests that support the mission of the library are handled by the Library Treasurer (or designee) who will work out terms of acceptance that are compatible with the library policies, the donor's intent and any applicable laws.
  - d. Legacies and endowments left in trust of the Board of Trustees will be invested in the Coburn Free Library Endowment in accordance with the Library's Endowment Policy.
- XII. Procurement and purchasing: The Coburn Free Library will always seek to maximize value and cost-effectiveness in all procurement and purchasing.
- XIII. Disbursement: The Board of Trustees specifies authority to approve payments for services and financial commitments of the Library. Funds will be disbursed only after review and approval by the Executive Director and Treasurer or their designee. Funds will be used only for valid business purposes, initiated by proper documentation, and will be properly recorded. No check may be made out to "Cash". No check signer may sign a check payable to himself/herself.
- XIV. Debit card: The debit card is to be used only by the Executive Director for purchases already approved within the annual budget unless permission is granted by the Board of Trustees prior to purchase. Every effort should be made to request an invoice account from vendors; however, the necessity to use the debit card will still exist for purchases from many stores and online suppliers.
- XV. Reimbursement for Travel Expense: The Executive Director will be reimbursed for travel expenses incurred in the performance of their work. Reimbursement will be made at a flat rate of \$50 per out of area meeting/training/conference. Included in this rate is reimbursement for parking, tolls, meals, and mileage/fuel. The Executive Director is allowed three travel expenditures per year unless additional expenditures are approved by the Board of Trustees.
- a. The Executive Director has the right to request additional reimbursement for out-of-state or multi-day travel for conferences. Reimbursement to be considered includes registration fees, parking, tolls, mileage, lodging, and meals. The specific items covered must be agreed upon by the Executive Director and approved by the Board of Trustees prior to planning or committing to any expenditures.
  - b. Other necessary expenses which were unforeseeable prior to travel may be approved by the Board upon presentation of documentation of the need for such expense.