



Lansing Community Library Finance Policy

Policy Purpose:

The Lansing Community Library (LCL) Finance Policy is designed to ensure the sound management and stewardship of the library's resources in support of the LCL's mission. The policies and procedures contained herein are intended to:

- Protect the assets of the Lansing Community Library;
- Put in place basic accounting and cash control policies and procedures;
- Ensure the maintenance of accurate records of LCL's financial activities;
- Create a framework for annual budgeting; and
- Ensure compliance with all federal and state procedures and reporting requirements

Policy Statement:

LCL's policies and procedures comply with Generally Accepted Accounting Principles (GAAP). The Board of Trustees, Finance Committee, Library Director, Finance Officer, and Treasurer, along with the board-selected, outside auditor all bear responsibility for ensuring that LCL complies with these principles.

In addition to GAAP, LCL is a School District Public Library and receives funding through the school district, county distributions, and state funds. Accordingly, LCL's policies are also based on various federal and state statutes, including the Internal Revenue Code §§170 and 501(c)(3); Education Law §§259 and 273, regarding library taxes and apportionment of state aid to libraries, respectively; Regents Rule 11.3; select portions of the Non-Profit Revitalization Act; New York State (NYS) General Municipal Law; and on the opinions and guidelines of the NYS Comptroller's Office, which are available at: <https://osc.state.ny.us/legal/index.htm>.

Roles and Responsibilities:

The **Board of Trustees (BOT)** is responsible for managing all LCL funds; maintaining the highest level of integrity in stewarding LCL finances; developing a sound and realistic annual budget; planning for long range financial needs; and, maintaining appropriate review, audit and oversight of all financial matters pertaining to LCL in accordance with generally accepted accounting principles (GAAP) and all relevant state and federal statutes and guidance. These activities are guided by a trustee-level Finance Committee chaired by the Finance Officer.

The **LCL Finance Committee** provides general oversight of operational finance issues and policy adherence and has the following responsibilities:

1. Develop, maintain and oversee fiscally sound financial policies and procedures.
2. Prepare the preliminary annual budget for discussion and vote during the February and March LCL BOT meetings.
3. Approve expenditures monthly in accordance with the approved budget. A member of the finance committee (usually one of the two co-signers on the LCL's bank account), will approve claims as needed in advance of payment and certify this approval to the LCL BOT for a full board vote at the monthly meeting.
4. While the computation of the 2% NYS tax cap is complex and LCL annual budget request increases typically do not approach the limit, the Finance Committee will ensure the annual Tax Cap Override Resolution is voted on no later than the February LCL BOT meeting (see Attachment A for sample).
5. Develop and recommend any necessary changes to accounting procedures in response to audit or review recommendations.
6. Advise the LCL BOT on policy changes as legal financial requirements change.

In addition to chairing and providing oversight of the Finance Committee, the Lansing Community Library **Finance Officer (FO)** is responsible for the following additional activities:

1. Review and sign the annual tax return prior to the federal filing deadline.
2. Report back to the LCL BOT on the review (or audit) results and share a copy of the original documentation for reference.
3. Provide feedback to the Treasurer on necessary changes to accounting procedures identified by the annual audit.
4. Maintain an updated signature card at the LCL banking institution. Ensure at least one other trustee also has a signature card on file.
5. Deposit cash, fine deposits, gifts and other income as needed. The deposit form requires two signatures to verify the deposit amount and the receipts from the deposit are attached to the form. The Finance Officer, BOT Finance Committee member, or LD can make deposits.

The Lansing Community **Library Director (LD)** is responsible for operating LCL under annual budget guidelines established by the BOT; identifying and applying for community grants to address underfunded needs; and advising the BOT on future budget needs.

The LCL **Treasurer** is retained by, but independent of the BOT, and is responsible for the receipt and disbursement of tax monies after Board approval. In fulfilling these duties, the Treasurer will maintain a ledger of accounts in accordance with GAAP and any legal guidelines for libraries. In addition, the Treasurer will have the following duties:

1. Produce financial data and documentation for the LD, Finance Officer, and Finance Committee to prepare the preliminary annual budget for discussion and vote (February and March LCL BOT meetings).
2. Prepare monthly Treasurer's report for LCL BOT review, to include: a balance sheet and profit and loss statement with comparison to budgeted numbers and a detailed audit of claims.
3. Reconciliation of all bank statements and report actual revenues and expenditures compared to the Library budget. This summary report should not be confused with the detailed monthly line item financial report (monthly income & expenses) from the Library's business office.
4. Report on grant status and grant income/spending reports at least quarterly to the LCL BOT.
5. Prepare documentation for each annual review or audit and tax preparation. Reviews are conducted annually as part of the tax preparation process, with a formal audit every three years. LCL contracts with a tax preparer who also conducts the review.
6. Make any necessary changes to accounting procedures recommended by the Finance Officer.
7. Submits payroll every two weeks. The payroll company issues W-2s and Misc-1099s as required by the IRS and files the W-3. The treasurer will distribute these to employees.
8. Pay claims for contracted services and recurring bills (e.g., utility and collection) as necessary. Payment by check or electronically will be coordinated with the Director and Finance Officer. Any invoice with a single item over \$1,500 requires a second signature by an authorized LCL BOT member.
9. Work with the LD to prepare any figures necessary for annual reporting to the Finger Lakes Library System, the NYS Board of Education, or other entities as necessary.

Budgeting:

1. LCL uses Quickbooks for all bill paying, payroll, budget reports and 1099s (independent contractor), as well as for budgeting and reporting.
2. The budget process begins in January with a review of the long range plan by the LCL BOT to determine upcoming projects and specific funding needs.
3. The Finance Committee will meet to develop a draft budget and present this for discussion at the February LCL BOT meeting at which point the vote process will begin. At this meeting, the LCL BOT will also vote on the Tax Cap Override Resolution (Attachment A) which allows LCL to propose an increase over the state limit of 2% in certain conditions. Because the calculation of the 2% increase is complex, this protects the LCL BOT from an invalidated vote due to a miscalculation.
4. The budget will be revised based on discussion and presented for vote no later than the March LCL BOT meeting.

5. The annual meeting, election of any new LCL BOT members and the vote on the next year's budget will generally take place at the end of April, usually the last Tuesday.

Procurement:

1. LCL will maintain petty cash. Any cash received by the staff for copy fees or donations will be accounted for and handled per the cash handling procedure (see Attachment B).
2. The LD, Children's Librarian, and Library Assistant each have a dedicated credit card under one account and LCL purchases are verified monthly with receipts by the Finance Officer or Finance Committee member.
3. Purchases of any single item over \$1,500 must be approved in advance by the LCL BOT.
4. At a minimum, any projects over \$5,000 must be bid to at least three contractors and the LCL BOT must approve the expenditure, awarding to the lowest priced responsible bidder who meets the bid specifications.

Investments & Fundraising:

1. Banking
 - a. There are three LCL bank accounts, one checking and two savings accounts (one for regular savings and one for capital improvements).
 - b. There are two signatories to the LCL checking account.
 - c. An amount determined by the Finance Committee will be transferred monthly from savings to pay for regular monthly expenditures.
2. Endowment
 - a. LCL has contracted with the Community Foundation of Tompkins County to oversee the LCL Endowment Fund based on their extensive experience managing funds for non-profit entities.
 - b. Annually, the Community Foundation will notify LCL of endowment balance and realized returns. The LCL BOT will approve any distributions made from the endowment. In general, the LCL BOT has agreed that a portion of this money will be built into the operating budget and a portion (larger as the distributions grow) will be left in the fund to help grow the principal.
 - c. The Endowment Committee chair will oversee confirmation and recognition of donations.
3. Fundraising
 - a. The LCL BOT will continue to promote and raise money for the Endowment Fund with campaigns, letters, and events.
 - b. The Friends of LCL, as the fundraising arm of the library, administer fundraising campaigns to advance the mission of LCL, in support of capital projects, programming, and the collection. The LCL BOT makes a formal

request for funding annually in January (after the next year's budget has been agreed upon) based on projected operating and equipment needs.

4. Grants/grant management
 - a. While the LD is the primary contact for most grants, the entire LCL BOT has the responsibility of looking for and introducing any grant opportunities. The LCL Grant committee members will assist the LD in crafting pointed and detailed grants as necessary.
 - b. All funds received from grants will be tracked by creating separate accounts for income and expense tracking in the operating budget.

Capital Planning:

1. LCL maintains a long range plan that outlines capital and infrastructure improvements.
2. LCL owns the physical building the library is housed in so is eligible for some state grants when considering capital improvements.
3. The LCL BOT will review the long range plan regularly to ensure planning begins in an appropriate time frame for any large capital improvement projects.

Risk Management & Insurance:

1. LCL maintains a directors and officers insurance policy with a \$1 million annual limit.
2. LCL covers its employees with a workers compensation policy in addition to insurance as part of the NY State Workers Comp/Unemployment system. General employee misconduct is covered through the LCL business package, with a supplemental policy covering the Treasurer for dishonesty.
3. LCL also carries property insurance appropriate to its size and scope and a \$1 million per occurrence (\$3 million aggregate) general liability insurance for the library, and the Lansing Community Library Board of Trustees.
4. LCL will also maintain a photographic record of property electronically to be submitted to the insurance company.

Security:

1. LCL will establish a secure location for important documents such as the LCL property deed and copy of charter, as well as maintain pictures of the library for insurance purposes.
2. Budget and other finance documents maintained on Quickbooks will be automatically backed-up; the LD will ensure any other essential electronic information is backed up regularly.

Record Retention:

1. Tax returns will be saved per Internal Revenue Service or state requirements.
2. The LD will maintain the last three copies of any audit documents and remediation plans.

TAX CAP OVERRIDE RESOLUTION

Whereas, the adoption of the _____ (year) budget for the Lansing Community Library may require a tax levy increase that exceeds the tax cap imposed by state law as outlined in General Municipal Law Section 3-c adopted in 2011; and

Whereas, General Municipal Law Section 3-c expressly permits the library board to override the tax levy limit by a resolution approved by a vote of sixty percent of qualified board members; now therefore be it

Resolved, that the Board of Trustees of the Lansing Community Library voted and approved to exceed the tax levy limit for _____ (year) by at least sixty percent of the board of trustees as required by state law.

Dated:

Secretary

Lansing Community Library Board of Trustees

Vote: _____ In Favor

_____ Opposed

_____ Abstentions

Lansing Community Library

Cash Handling Procedure

This procedure describes the proper handling of all monies collected by Lansing Community Library staff as well as petty cash procedures and reconciliation procedures. A clear cash handling procedure is necessary to protect the staff from charges of mishandling funds and to facilitate fund recovery in the event of a crime.

Collecting funds from Patrons

Upon receiving funds from the public, the staff will immediately deposit the funds in the cash box, located in the drawer under the main circulation computer. Staff will give the patron a receipt to confirm the amount paid. No bills over \$20 will be accepted if change is needed. When \$20 bills are accepted, bills are to be placed in the bank bag in the Library Director's circulation office desk. Patrons may pay fines/fees by credit card, through the PAC computer, if the amount exceeds \$5.

Disbursing Refunds to the Public

Enter the amount of the refund in the patron record and withdraw the funds from the cash drawer. Give the patron a receipt.

Cash Drawer Reconciliation

Once a week, the director will count all bills in the cash box. Place any money over the base amount of \$20 in the bank bag in the library director's circulation office desk. Reconciliation reports are run by the library director, at the end of each week. At each month's end, the library director will produce a Fines/Fees/Income Deposit Report, signed by the Finance Officer and Director. Money from the monthly report will be deposited by the Finance Officer.

Petty Cash

Petty cash is to be used for incidental expenses under \$20.00. Staff must furnish a receipt to the library director for reimbursement. Staff members making the expenditure should initial the receipt and note the purpose of the expenditure. When the petty cash fund is exhausted, a list of expenditures, corresponding budget category, and receipts will be submitted to the Treasurer for reimbursement. The petty cash amount begins at \$40.00, and is kept in the bank bag in the library director's circulation office desk.

Revision History

CHANGES	APPROVED BY	DATE
Approved	BOT	12/16/2018
Reviewed and revised	Policy & Finance Committee	10/13/21
Approved	BOT	10/27/21