

## FINANCE POLICY

**Applies To:** Southern Tier Library Board of Trustees, Employees and Volunteers

**References:** STLS By-Laws, Articles VI & VII      Grant Funds Policy  
                  Authority of the Board Policy      Organizational Meeting Policy  
                  Investment Policy                      Tuition Reimbursement Policy  
                  Purchasing Policy

**POLICY:** It is the policy of STLS to manage all of its assets using accepted business practices. The Board of Trustees and Executive Director will work together to make certain that all financial matters of the organization are addressed with care, integrity, and honesty. This policy and related procedural guidelines are intended to:

Protect the liquid assets, facilities and equipment of STLS by employing judicious management and effective internal controls that ensure best value for STLS and that minimize the risk of fraud, waste and abuse. This applies to all receipts, expenditures, investments, and property;

Ensure the maintenance of accurate records of STLS financial activities;

Provide a framework of operating standards and behavioral expectations; and,

Ensure compliance with federal, state and local legal and reporting requirements.

**FINANCIAL STRATEGY** – To ensure there are adequate resources to maintain and update services to its member libraries STLS will continually attempt to increase the number and size of its funding sources through foundation support, active advocacy programs and revenue-enhancing projects while practicing prudent management of organization assets.

**FISCAL YEAR:** The fiscal year for STLS is January 1 through December 31.

**ACCOUNTING METHOD** - STLS will maintain its accounting records on an accrual basis conforming to generally accepted accounting principles and in a manner that facilitates the preparation of appropriate audited financial statements. For reporting purposes the NYS annual report will be filed using an accrual basis of accounting- The Federal 990 Income Tax Report will be filed after depreciation is calculated and the annual audit of STLS records by an outside firm has been completed.

**BOOKS OF ORIGINAL ENTRY** - STLS will maintain a Chart of Accounts and will utilize established commercial accounting software for managing funds. Adequate documentation will be maintained to support all general entries. The Business Manager and Treasurer will prepare appropriate monthly financial reports that include receipts, disbursements and activity on special projects. The Budget Report will include a comparison of actual expenditures to the budget.

**BUDGET** - The Executive Director, together with the Finance and Facilities Committee, will prepare an annual operating budget to be submitted to the Board of Trustees for approval. The preliminary budget will be presented for review to the Finance and Facilities Committee in September, and the full board in October. The budget for the coming year must be approved by the Board of Trustees not later than November 30 of the current year.

**MEMBER LIBRARY CONTRIBUTIONS** –Member libraries, branches and reading centers contribute to STLS operating costs. In partnership with STLS members, STLS will develop and maintain a cost-sharing plan that provides for an equitable distribution of these costs to each member.

**AUDITS** – The Finance and Facilities Committee will select a qualified external auditor to audit accounting records on an annual basis and will go out for competitive bids for auditing services at least every five (5) years. Official annual audit reports will be reviewed by the Finance and Facilities Committee and presented to the Board of Trustees for review and approval. An internal auditor will audit disbursements made during the bi-weekly accounts payable cycle in accordance with guidelines provided in the Authority of the Board Policy.

**BANK RECONCILIATIONS** - Bank and investment account statements will be reconciled monthly with STLS records for accuracy and completeness with review by the Executive Director. In the absence of the Business Manager, the Account Clerk will do the reconciliations on a temporary basis until the Business Manager returns or a new Business Manager is appointed. The Executive Director will review and sign the monthly reconciliations and the Financial Clerk shall report on the completion and approval of each month's reconciliation.

**INVESTMENTS and BANK ACCOUNTS** - The Finance and Facilities Committee will make recommendations to the Board of Trustees regarding banking and investment opportunities for STLS in accordance with applicable laws and statutes. The Board of Trustees will approve the initiation and termination of all bank and investment accounts.

No personal funds of individual Trustees, employees or volunteers may be intermingled or combined with any bank or investment account of the STLS. Likewise no STLS funds may be intermingled or combined with any external accounts of Trustees, employees or volunteers. Invoices for any purchases or services authorized by the STLS may only be paid from properly established accounts of the STLS after appropriate verification, approval and audit as outlined in this policy.

**CASH and OPERATING CASH BALANCE** – STLS general policy is to accept checks only in payment for services, materials and donations. At each Board meeting the Treasurer will provide an itemized list of all receipts since the last Board meeting. STLS will strive to maintain an unrestricted operating cash balance of one-third (1/3) of the annual operating budget as determined by the year-end audit. The Finance and Facilities Committee shall track progress toward this goal as specified by the Authority of the Board Policy. The Finance and Facilities Committee shall report on the status of the operating cash balance annually at the time STLS receives its total State Aid.

**CREDIT CARDS** - It is the policy of STLS to provide certain employees with corporate credit cards for the purpose of conducting STLS business. Corporate credit card user and credit limit approvals are at the discretion of the Executive Director. In general, credit cards will be controlled by the Executive Director and/or Business Manager.

**Credit Card Policy Requirements:**

All corporate credit cards are the property of STLS and authorized users shall take the necessary precautions to ensure the safekeeping and proper use of the card.

Corporate credit cards may not be used for personal expenditures of any kind.

Credit cards may not be used for cash advances.

Travel expenses charged to a credit card must be accompanied by an approved Expense Report and

appropriate receipts.

Purchases charged to a credit card are subject to the provisions of the Purchasing Policy.

Credit card statements will be reviewed for validity and accuracy by the Business Manager and the Executive Director prior to being paid.

Personal Credit Cards may not be used to secure vendor accounts opened for STLS. In addition, personal credit cards may not be attached to an STLS credit account.

Upon cessation of business with a vendor that has the STLS credit card on file, the vendor will be contacted to remove the credit card number from their files.

**EMPLOYEE AND TRUSTEE REIMBURSEMENT** –It is the policy of STLS to not have employees use personal funds when conducting business on behalf of STLS. Exceptions to this policy must be approved by the Executive Director, in which case employees will be reimbursed by submitting a completed claim form. Trustees will be reimbursed for all reasonable and appropriate expenses when traveling on STLS business, upon submittal of a completed claim form.

**INSURANCE** - Reasonable, adequate coverage will be maintained to safeguard the assets of the Organization and its trustees, management and employees. Such coverage will include property and liability, worker's compensation, Director's and Officer's Insurance and other insurance deemed necessary by the Board of Trustees.

## **PROPERTY**

**REAL PROPERTY/REAL ESTATE** – Acquisition or lease of all real property requires approval by the Board of Trustees.

**EQUIPMENT** - Equipment shall be defined as items (purchased or donated) necessary to manage and maintain STLS facilities, projects or events.

Fixed Assets shall be defined as all items valued at \$5,000 or more that have an established useful life. Most assets will have a useful life of five years, computers and computer software, 3 years. Such items will be depreciated using a Straight Line method of depreciation. All other items are considered expense items.

The Business Manager will maintain an inventory record of each item of capital equipment in the accounting system. The record will include a description of each item, date of purchase or acquisition, price or fair value of each item and its location. Records must be updated whenever property is disposed of or acquired.

**PURCHASES** – All purchases will be made in accordance with the STLS Purchasing Policy.

**LEASE/BUY:** When acquiring equipment, where appropriate, a Lease vs. Buy analysis will be conducted to determine the best value for the organization.

## **MILEAGE REIMBURSEMENT**

TRUSTEES: Trustees may apply for mileage reimbursement when attending STLS Board meetings, assigned Board committee meetings, and assigned duties. They are eligible to be reimbursed for the distance traveled to and from their places of residence to the meeting. Reimbursement will be made only where transportation has not otherwise been provided by STLS. The mileage reimbursement rate will be established each year during the annual organizational trustee meeting. Trustees will be reimbursed by submitting a completed claim form.

STAFF: Normal travel back and forth to work is not reimbursable. When business travel is required, employees will use STLS-owned vehicles when available. In circumstances where it is necessary for staff to use their own vehicles for business travel, employees will be reimbursed for mileage costs incurred for trips authorized by the Executive Director or the Business Manager. The mileage reimbursement rate will be the same as provided for in the current contract between the Staff Organization of Southern Tier Library System and the Southern Tier Library System. Employees will be reimbursed by submitting a completed claim form.

MEMBER LIBRARIES: At the Executive Director's discretion, representatives from member libraries may be reimbursed mileage from their home libraries to attend STLS events at the established reimbursement rate when funds have been made available for that purpose.

**Every Trustee and all employees having financial or property management responsibility are to be informed of the appropriate policies and must comply with their requirements.**

*ADOPTED by the STLS Board of Trustees on April 17, 2012.  
Revised by Board Approval on September 20, 2016.*