

## **FINANCE POLICIES**

Matters relating to budget and finance shall be the responsibility of the Board's Finance Committee.

The Finance Committee shall be a standing committee of the Montauk Library Board of Trustees. It shall be composed of the Financial Secretary and two other Trustees. The Library Director will act as advisor.

The Finance Committee is responsible for approving the annual operating budget, which will be presented to the voters for approval. This itemized annual budget will include, but is not limited to: salaries, materials, programs, supplies, and maintenance and capital improvements.

## **BILL PAYMENT POLICY**

All bills, accompanied by invoices, shall be presented to the Board of Trustees at regular meetings to be reviewed and approved for payment. All checks shall be signed by two signatories.

In the event that bills are due prior to the date of the ensuing Board meeting, the Board hereby authorizes the payment of Library Staff payroll and payroll related expenses, contractually mandated contributions toward employees'/retirees' health insurance and retirement plan, and monthly utility bills, provided that these expenses/bills have been reviewed and approved, by the Library's Financial Secretary and Director. The Board will review and approve all such payments at the next regularly scheduled meeting.

In the event that credit card bills or other invoices are due prior to the date of the ensuing Board Meeting, the Board hereby authorizes the payment of credit card bills not exceeding \$2500, provided that a trustee, the Library's Director, and the Financial Secretary have reviewed and approved in writing the payment thereof; the Board of Trustees will review and approve all such payment at the next regularly scheduled Board meeting.

## **CASH INVESTMENT POLICY**

### **Investment Policy**

The objective of the Library's investment policy is to:

- safeguard Library funds
- to minimize risk
- Ensure that investments mature when cash is required to finance operations
- Ensure a competitive rate of return in order to supplement other Library revenues for the support of Library operations and programs.

In accordance with this policy, the Treasurer or Director is authorized to invest and/or deposit all funds, including proceeds of obligations and reserve funds, in time-deposit accounts, certificates of deposit, short term government securities, or other investment instruments permitted by law, subject to the investment regulations approved by the Board of Trustees. All investment of Library funds shall comply with the requirements of Section 10 of the General Municipal Law.

To the extent feasible, investments and deposits shall be made in and through local or regional financial institutions. Concentration of investments in a single financial institution shall be avoided. Diversification of investments and deposits is encouraged.

The Library Board of Trustees shall at least annually designate one or more banks or trust companies for the deposit of public funds and the maximum amount which may be kept on deposit at any time in each bank or trust company.

### **Authorized Investments**

The Treasurer or Director is authorized to invest all available Library funds, including proceeds of obligations and reserve funds, in the following types of investment instruments:

- Savings Accounts or Money Market Accounts of designated banks;
- Certificates of Deposit issued by a bank or trust company located in and authorized to do business in New York State;
- Demand Deposit Accounts in a bank or trust company located in and authorized to do business in New York State;
- Obligations of New York State;
- Obligations of the United States Government (U.S. Treasury Bills and Notes).

All funds, except Reserve Funds, may be invested in revenue Anticipation Notes or Tax Anticipation Notes of other school districts and municipalities, with the approval of the State Comptroller.

Monies in reserve funds may be invested in a bank special time deposit account or in certificates of deposit issued by the bank or trust company located in New York State, or a national banking association located in and authorized to do business in the State of New York, provided such invested funds will be payable within such period as the proceeds are needed to meet the expenditures for which such monies were obtained, and further provided the time account or certificate of deposit is secured by a pledge of obligations of the government of the United States, the State of New York, or any municipal corporation, school district, or district corporation of the State of New York.

The Library Treasurer or Library Director is authorized to invest reserve fund monies in obligations of the government of the United States, the State of New York or other municipal obligations provided such obligations are payable or redeemable at the option of the Library within such time as the proceeds will be needed to meet expenditures for which monies so invested were obtained. Such obligations will either be registered in the name of the Library or purchased through, delivered to and held in custody of a bank or trust company in this State and shall be sold or presented for payment only upon written instruction of the Board of Trustees or its duly appointed designee.

Funds on deposit in any one institution shall be limited to \$5,000,000.

### **Conditions**

All investments made pursuant to this investment policy will comply with the following conditions:

### **Collateral**

Savings accounts, money market accounts, time deposit accounts and certificates of deposit will be fully secured by insurance of the Federal Deposit Insurance Corporation or by obligations of New York State, the United States, New York State school districts and federal agencies whose principal and interest are guaranteed by the United States. The market value of collateral will at all times exceed the principal amount of the certificate of deposit. Collateral will be monitored whenever the amount on deposit in any bank exceeds \$250,000.

Collateral will not be required with respect to the direct purchase of obligations of New York State, the United States and federal agencies, the principal and interest of which are guaranteed by the United States Government.

Appendix A sets forth Eligible Securities of Collateralization of Library cash investments.

### **Delivery of Securities**

Payment of funds may only be made upon receipt of collateral or other acceptable forms of security, or upon the delivery of government obligations whether such obligations are purchased outright, or pursuant to a repurchase agreement. Written confirmation of delivery shall be obtained from the custodial bank.

### **Written contracts**

Written contracts are required for certificates of deposit and custodial undertakings. With respect to the purchase of direct obligations of the United States, New York State, or other government entities, etc., in which monies may be invested as set forth herein, the interests of the Library will be adequately protected by conditioning payment on the physical delivery of purchased securities to the district or custodian, or in the case of book-entry transactions, on the crediting of purchased securities to the Custodian's Federal Reserve System account. All purchases will be confirmed promptly in writing to the Library.

The following written contracts are required:

Written agreements will be required for the purchase of all certificates of deposit.

A written contract will be required with the Custodial Bank(s).

### **Designation of Custodial Bank**

The Board of Trustees will designate a commercial bank or trust company authorized to do business in the State of New York to act as Custodial Bank of the Library's investments.

When purchasing eligible securities, the seller will be required to transfer the securities to the Library's Custodial Bank.

### **Selection of Financial Institutions**

The Treasurer will periodically monitor, to the extent practical but not less than annually, the financial strength and credit worthiness of all institutions and trading partners through which the Library's investments are made.

Investments in time deposits and certificates of deposit are to be made only with commercial banks or trust companies, as permitted by law.

## **Operations, Audit and Reporting**

The Treasurer or Library Director will authorize the purchase and sale of all securities as set forth herein and execute contracts for investments and deposits on behalf of the Library. Oral directions concerning the purchase or sale of securities will be confirmed in writing. The Library will pay for purchased securities upon the simultaneous delivery or book-entry thereof.

The Library will encourage the purchase and sale of securities through a competitive process involving telephone solicitation for at least three quotations. The independent auditors will audit the investment proceeds of the Library for compliance with the provisions of the district investment policy. Monthly investment reports will be furnished to the Board of Trustees.

## **APPENDIX A**

### **Schedule of Eligible Securities**

\*105 % (i) Obligations issued, or fully insured or guaranteed as to the payment of principal and interest, by the United States of America, an agency thereof or a United States government sponsored corporation.

\*105 % (iii) Obligations partially insured or guaranteed by any agency of the United States of America, at a proportion of the Market Value of the obligation that represents the amount of the insurance or guarantee.

\*105 % (iv) Obligations issued or fully insured or guaranteed by the State of New York, obligations issued by a municipal corporation, school district or district corporation of the State of New York or obligations of any public benefit corporation which under a specific State statute may be accepted as security for deposit of public monies.

\*minimum of

## **FUND BALANCE POLICY**

The Montauk Library Board of Trustees (Library Board) is committed to the responsible accounting of all Library funds. Within any given fiscal year, the Library Board and staff endeavor to use funds as budgeted. A Fund Balance is any accumulation of the net of income generated less the expenses for that fiscal year and is a part of a healthy Balance Sheet for any institution. The purpose of the Montauk Library Fund Balance policy is for the responsible management of these funds, to maintain overall financial stability, ensure cash flow for operations and to ensure that the library will be able to respond to emergencies with fiscal strength.

It is the Montauk Library Board's philosophy to support fiscal sustainability while also reserving funds for future needs. A reasonable, stable fund balance is a crucial element to long range financial planning. The Library Board will fully review, consider and determine the appropriate level of fund balance that is to be maintained each year.

The main components of the Montauk Library's Fund Balance are as follows:

### **1. General Fund:**

The Town of East Hampton disperses the Montauk Library's tax revenue at the beginning of each calendar year, which is 6-7 months into the Library's fiscal year. It is the recommendation of the Montauk Library's Finance Committee that a reasonable Fund Balance should be a minimum of 50% and maximum of 75% of appropriations to be maintained in general reserves. These funds will be kept as unassigned funds to maintain a margin of safety during the interim period between the beginning of the Library fiscal year and when the tax funds are received from the Montauk School District and also as a buffer against unforeseen emergencies or cash flow interruptions.

### **2. Funds Committed for Capital Improvement and Repairs: (Capital Fund)**

- a. These are funds committed to offset significant repairs and upgrades to the physical plant.

The Finance Committee shall work with the Building and Grounds committee and the Library Director to establish a long range building and maintenance plan. This plan will inform this committee as to long range goals in this category

### **3. Permanent Fund: (Donated Funds from outside sources)**

- a. Restricted: those funds donated earmarked for specific expenditures

- b. Unrestricted: all other donated monies. These funds are utilized at the discretion of the Library Board.

**Fund classification are as follows:**

Restricted: Funds with constraints placed on their use, usually imposed by creditors, grantors, contributors or imposed by laws and regulations

Committed: Funds that can only be used for specific purposes as imposed by a formal action by the Library Board. These funds cannot be used for any other purpose.

Assigned: Amounts constrained by the Library's intent to be used for specific purposes but are not restrained or committed. The Library Board is not required to impose or remove the constraint.

Unassigned: The residual classification for the Library's General Fund, neither assigned, committed or restricted.

**FUNDRAISING POLICY**

All Fundraising activities connected with the Library shall initiate from the Friends of the Montauk Library.

**GIFTS AND DONATIONS POLICY**

The Board of Trustees of the Montauk Library has the power to accept or refuse any gifts or donations to the Library according to the New York State Education Law Section 226.

All materials given to the library become the property of the library and will either be kept for use in the library's collection or given to the Friends of the Montauk Library for fund raising activities when it is in the best interests of the library to do so.

Any stocks or bonds that are offered as gifts to the Library will be sold through the Library's brokerage firm and the resulting funds transferred to the appropriate account

**TREASURER POLICY**

The Library shall engage a Treasurer who shall serve under the supervision of the Board of Trustees and in consultation with the Library Director.

Responsibilities of the Treasurer include:

- Monthly reconciliation of Operating Account bank statement. The Treasurer will write an assurance of correctness of Operating Account for the month reconciled. Reconciliation will be done on site during regular library hours.
- Review records of Library receipts and expenditures as included in the Board of Trustee monthly meeting package.

The Treasurer will agree to maintain utmost confidentiality of Library financial matters.

## **PROCUREMENT POLICY**

All purchases of goods and contracts for public works shall be made in accordance with the provisions of New York State General Municipal Law. ENERGY STAR rated equipment will be purchased whenever possible.

Except as otherwise provided by law (e.g. emergency situations) all public works contracts in excess of \$35,000 shall be subject to competitive bidding. All purchase contracts in excess of \$20,000 shall be subject to competitive bidding.

Rejection of a low bid based on an initial determination that the Low Bidder is not “responsible” within the meaning of the General Municipal Law shall be made following notice to the Low Bidder of the Board's intent to so disqualify such Low Bidder and providing the Low Bidder an opportunity to submit a written response and proof to the Board or its designee on the issue of the Low Bidder’s qualifications and ability to perform the contract obligations.

For public works and purchase contracts which fall below the competitive bidding thresholds stated in the aforesaid Paragraph 2, the following conditions shall apply:

Whenever possible, price quotations for proposals for goods or services shall be obtained from at least three vendors or service contractors. Such price quotes may be verbal when the purchase contract is less than \$1000, and the public work contract amount is less than \$5000. Price quotations for proposals for purchase contracts and public works contracts in excess of the aforementioned verbal proposal amounts shall be in writing. Three quotes shall be needed for service contracts up to \$35,000 per year. This includes normal maintenance contracts such as lawn mowing, cleaning, etc. For Public Works contracts, written technical specifications must be supplied by the Library to the contractors who submit proposals. For major projects as determined by the Director, these technical specifications must be formulated by either an architect or engineer.



Goods or services procured pursuant to New York State or Suffolk County contracts shall be exempt from the comparative price quotation requirement.

Under normal circumstances, contracts shall be awarded to the vendor or contractor with the lowest price quotation who is deemed responsible. Circumstances under which the contract may not be awarded to the lowest responsible vendor or contractor include, but are not limited to:

Vendor cannot guarantee delivery of goods or services within the time frame or under the conditions established by the Library.

Vendor or Contractor's terms for payment are disadvantageous to the Library, e.g. full payment before commencement of work or delivery of goods.

Vendor cannot fully comply with the Specifications for goods and services as set forth by the Library.

Vendor's warranty for goods or services is deemed inadequate by the Library.

Vendor's post purchase support services are deemed inadequate by the Library.

The Vendor or Contractor shall abide by current prevailing wage standards as determined by the Dept. of Labor. The Contractor must submit "certified payroll" sheets with each request for payment to the Library. These must be kept on file with all project documents.

No purchase of goods or services shall be made from any vendor in which any member of the Board of Trustees, or the Library Administration, i.e., the Library Director, hold a full or partial interest.

All expenditure decisions approved by the Board of trustees must be accurately recorded in the minutes.

Before final payment is approved by the Board of Trustees, the vendor must submit a detailed and complete invoice. Payment cannot be made on an estimated bill.

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