

## **STILLWATER PUBLIC LIBRARY FISCAL POLICY**

The Stillwater Public Library (“Library”) establishes this Fiscal Policy to comply with the General Municipal Law of the State of New York, generally accepted auditing standards, and the principles of responsible fiscal management.

### **OBJECTIVES**

The Library’s fiscal activity will strive to meet the following objectives:

1. to effectively supply needed materials, equipment, supplies, and contracted services;
2. to obtain materials, equipment, supplies and contracted services at the lowest prices possible consistent with the quality and standards needed in conformance with state law and regulation;
3. to ensure that all purchases fall within the framework of budgetary limitations and that they are consistent with the goals and programs of the Library; and
4. to maintain an appropriate and comprehensive accounting and reporting system to record and document all purchasing transactions.

### **FIDUCIARY RESPONSIBILITY**

1. All expenses must be approved by the Board of Trustees at a legally held meeting.
2. The Board of Trustees must receive, review, and understand up-to-date reports on the financial status of the organization in relation to the adopted budget.
3. All funds must be invested in one of the following two vehicles:
  - a. Time deposit accounts or certificates of deposit in commercial banks and trust companies located and authorized to do business in New York State;
  - b. Obligations made by the United States of America or guaranteed by the United States of America, and obligations of the State of New York.
4. Designated trustees on the checking account must be bonded for an appropriate amount.
5. When allocated funds in a particular line item of the budget have been exhausted, the Financial Committee shall make a recommendation to the Board of Trustees to reallocate monies from existing funds.
6. All trustees must ensure that proper checks and balances are in place to protect library assets. These checks include:
  - a. Voucher System
    1. Upon the receipt of a bill, the librarian will review and date the bill, then submit it to the Treasurer for payment.
    2. The Treasurer will then fill out a voucher, attach approvals where applicable and present them at a finance committee meeting.
    3. At least three board members will initial and review the vouchers for payment.
    4. It is then taken to the monthly Board of Trustees meeting for final approval and authorization for payment.
    5. They will then return to the Treasurer for issuance of the check, be given to the authorized signer, and then mailed.

- b. Committee expenditures
  1. All committee expenditures that fall within the boundaries of the operating budget shall be approved by the committee itself.
  2. All other expenditures outside that realm will be approved by the board as a whole.
- c. Petty Cash
  1. Petty cash drawer will be counted down to \$240 each week.
  2. All profits will be tallied by category with fines and credits added by SALS system report.
  3. All other extra monies and personal checks will be deposited.
- d. Credit Cards
  1. The card must always be kept in the safe at the library and may never be removed from premises.
  2. Any purchase over \$1000.00 must be approved by the board, a voucher filled out, description attached, and initialed by at least three board members.
  3. The Stillwater Public Library prohibits the use of their credit cards for personal expenses of any nature.
  4. No cash advances or cash back from purchases is allowed.
  5. If any misuse of the card is discovered, the person or persons who misused the card will pay restitution and the police will be notified of the theft.
  6. It is important to follow each procedure so that credit card bills can be reconciled and paid in a timely manner to avoid paying fees and late charges.
- e. Annual Budget
  1. All committees will develop a fiscal list of needs and present it to the Director by December 1st.
  2. The director will take said lists and develop a working budget proposal with the Treasurer.
  3. A draft budget will be presented to the Financial Committee at their January meeting.
  4. Annual Budget must be presented to the Board by the meeting prior to the beginning of the fiscal year.
  5. Annual Budget must be approved by the Board annually.
- f. Fund Raising - The following procedure shall be used for any handling of cash during a library sponsored fund raiser:
  1. At an interval agreed to by the board, monies will be brought to one of the two bonded board members and a board-designated volunteer to be counted, verified, and logged.
  2. The monies will then be deposited in our current bank's night drop by one of the two bonded board members and a board-designated volunteer.
  3. The bank will be notified the day before the event and contacted by a board-designated member of the financial committee the following day to verify balance.

## **SURPLUS BOOKS, FURNITURE AND EQUIPMENT**

A standard method of disposal is required for books, non-print materials, furniture and equipment no longer required by the Stillwater Public Library. When any such item is no longer functional or useful, it will be removed from inventory and disposed of as follows:

1. Surplus inventory items that may have unusual, historic or artistic value will be brought to the attention of the Board of Trustees for determination of value and disposition. Such determination may include the services of a professional appraiser or outside expert opinion.
2. Books and non-print materials other than equipment, furniture or fixtures no longer deemed appropriate for the collection will be donated to the Friends of the Stillwater Public Library or recycled appropriately.
3. Equipment, furniture or other fixtures no longer of use to the library may be donated to other libraries, schools, or non-profit organizations.
4. Equipment may be sold to a technology recycling company if no libraries, schools or other nonprofit organizations express an interest in accepting such as a donation.
5. If there are no non-profit organizations that will accept the donation, equipment may be processed by a technology equipment disposal firm if such firm will do so at no cost to the Library.
6. The Director or Treasurer is authorized to accept trade-in allowances of any item of equipment, furniture, or other fixtures being replaced or upgraded for which a trade-in allowance is offered.
7. In the event surplus equipment, furniture, or fixtures is/are deemed not to have unusual, historic, or artistic value and is/are not disposed of through donations or sale as described above, those items will be disposed of in accordance with appropriate rules and regulations.

## **AUDIT**

In order to ensure external oversight of the management of the Library's fiscal procedures, each year the Library will have a full audit of its financial activities performed by a certified public accountant individual or firm authorized to do business in the State of New York. The annual audit will be overseen and reviewed by the Finance Committee of the Board of Trustees.

## **FUND BALANCE**

The Governmental Accounting Standards Board (GASB) adopted Statement Number 54 which changes the reporting requirements for fund balances on the balance sheets of Governmental Funds. Statement 54 requires the use of five new classifications: non-spendable, restricted, committed, assigned and unassigned. The Board of Trustees has the authority to set up a restricted or committed fund balance by a formal action of the Board. Amendments or modifications to the restricted / committed fund balance must be approved by formal action of the Board of Trustees. Restricted / committed fund balances do not lapse at year end. The formal action required to restrict or commit fund balances shall be by board resolution or majority vote. The Board of Trustees has the authority to assign fund balances for a specific purpose. For the purpose of fund balance classification, expenditures are to be spent from restricted fund balances first and then unrestricted. Expenditures incurred in the unrestricted fund balance shall be reduced first from the committed fund balance, then from the assigned fund balance and lastly, the unassigned fund balance.

## **PURCHASING**

### **FORMAL COMPETITIVE BIDDING**

Competitive bids or quotations shall be solicited in connection with purchases pursuant to law. The General Municipal Law requires that purchase contracts for materials, equipment, supplies and services involving an estimated annual expenditure exceeding \$20,000 and public work contracts involving an expenditure of more than \$35,000 will be awarded only after responsible bids have been received in response to a public advertisement soliciting formal bids.

Purchases of the same commodity may not be artificially divided for the purpose of avoiding the bidding threshold. Similar procurements to be made in a fiscal year will be grouped together for the purpose of determining whether a particular item must be bid.

Purchase contracts and public works contracts subject to competitive bidding will be awarded to the lowest responsible bidder. The Library is, however, also authorized to award purchase contracts on the basis of best value, as defined in State Finance Law §163.

A decision that competitive bidding is not required for a particular purchase must be supported by written justification.

### **WHEN COMPETITIVE BIDDING IS NOT REQUIRED**

Goods and services which are not required by law to be procured by the Library through formal competitive bidding will be procured in a manner so as to ensure the prudent and economical use of public monies in the best interests of the taxpayers, to facilitate the acquisition of goods and services of maximum quality at the lowest possible cost under the circumstances, and to guard against favoritism, improvidence, extravagance, fraud and corruption. The basis for any determination that competitive bidding is not required by law must be documented.

Purchase of commodities and/or services between \$5,000 and \$20,000 and contracts for public work between \$5,000 and \$35,000 will be procured by the Library using informal bids first obtained from at least three sources where practical. Such informal bids must be secured by requests for proposals, written quotations or documented oral quotations. Such documentation must include the names of the vendors contacted, the date contacted, the price quoted, and the name of the individual who provided the quote.

Purchase of commodities and/or services and contracts for public work under \$5,000 may be undertaken using written quotations, verbal quotations, or any other method of procurement designed to further the purposes of this policy, as approved by the Board of Trustees.

A contract award will be to the lowest responsible dollar offeror.

An exception to the foregoing requirements must be supported by written justification and approved by the Board of Trustees.

## **SPECIAL PURCHASE PROVISIONS**

Competitive bidding, even if the dollar value of the purchase meets the threshold established in the General Municipal Law, is not required in certain circumstances, including the following:

1. Emergencies where time is a crucial factor. Purchases may be made without competitive bidding in the event that a public emergency arises due to an accident or other unforeseen occurrence.
2. Procurements for which there is no possibility of competition (sole source items). In the event that the Library needs to make a purchase from a specific vendor (i.e., a sole source supplier) such that competitive quotes and/or bids are not practical, the supervisor making the purchasing request must submit a written justification for an exemption to the Board of Trustees, who will review the request and determine whether to allow such an exemption. A written copy of the request and the decision must be included in the documentation of the purchase.
3. Professional services that require special skill or training. All contracts for professional, technical or other consultant services shall be subject to review and approval by the Board of Trustees. In general, the Library will conduct a formal Request for Proposal (RFP) process to secure professional, technical or other consultant services expected to cost \$20,000 or more. At the discretion of the board of Trustees, contracts for legal counsel having a value of \$20,000 or more may be subject to an RFP process or supported by written justification which shall be reviewed by the Board of Trustees. For multi-year services (i.e., legal counsel, auditing service, insurance broker/consultant, etc.) the Library will complete an RFP process for the service at least every 5 years.
4. Surplus or second-hand supplies, material, or equipment may be purchased from the federal government, the State, or another municipality without the necessity of obtaining quotes or bids.

## **EXEMPTIONS**

The following procurements are exempted from both competitive bidding and the requirement to obtain alternative proposals or quotations:

1. under a county contract;
2. under a state contract;
3. under a federal contract;
4. under a contract of another political subdivision
5. of articles manufactured in state correctional institutions; or
6. from agencies for the blind and severely disabled.

## **RESPONSIBILITIES**

The Director or President of the Board of Trustees, may commit the Library to make purchases as approved by the Board. The policies and procedures described herein and all relevant laws as they pertain to procurement shall be followed.

With the few exceptions described herein and those purchases requiring action to secure the immediate safety of employees or the public, all purchases require advanced planning and adherence to the processes outlined in this policy.

Any exception to the policies and procedures described herein must be supported by written justification and documentation and receive advance written approval of the Board of Trustees. Where a contract is awarded to an offeror other than the lowest responsible dollar offeror, such documentation must set forth the basis for such award and reasons why such award is in the best interests of the Library and otherwise furthers the purposes of section 104-b of the General Municipal Law.

**ANNUAL REVIEW**

The Library's Board of Trustees shall review this Policy at least annually and shall solicit comments from the Director and Treasurer.

**UNINTENTIONAL FAILURE TO COMPLY**

The unintentional failure to fully comply with the provisions of section 104-b of the General Municipal Law or Library policies regarding procurement will not be grounds to void action taken nor give rise to a cause of action against the Library or any officer or employee of the Library.

**Approved: May 8, 2018**

**Reviewed: 3/13/2018, 5/14/2019**