

ANNUAL AUDIT

The Library shall retain the services of a qualified certified public accountant (CPA) to perform an audit of the Library's financial records subsequent to each fiscal year.

The annual audit shall examine all funds of the Library and be performed in accordance with generally accepted accounting principles (GAAP) as they apply to governmental units prescribed by the Governmental Accounting Standards Board (GASB). The Library audit shall conform to the parameters of GASB 34.

The audit shall include tests of the Library's accounting and payroll records and any other procedures deemed necessary so that the auditor may be able to express a qualified opinion that the financial statements are fairly presented, in all material respects, in conformity with generally accepted accounting principles and that the Library is compliant with laws and regulations, and that its internal controls are adequate.

The auditor shall produce a written report of the audit and render a qualified opinion on the financial status of the Library. The auditor's report shall be presented to the Library Board of Trustees at the Board of Trustees meeting immediately subsequent to the receipt of the audit report.

Latest Revision: January 23, 2006
Originally Adopted: March 29, 1999

BUDGET

The Library's budgetary process shall be carried out pursuant to Municipal and Educational Law. The Library shall propose a fiscal year budget for community approval each year.

The Library Director shall propose to the Library Board of Trustees a finalized fiscal year operating budget for Board of Trustees' approval no later than February 1 of each year.

The Library Board of Trustees shall adopt a budget as the Library's official proposed budget for community vote no later than March 1 of each year.

Latest Revision: March 27, 2006
Originally Adopted: March 29, 1999

CHECK SIGNING

Checks are to be signed by two authorized signers when the amount exceeds \$50,000. The Treasurer and a trustee, or two trustees are eligible to sign.

If, and only if, there are no trustees available, a check(s) in excess of \$50,000.00 may be signed by the Treasurer and Assistant Treasurer.

For all other checks any one signature is sufficient to authorize payment.

Originally adopted: May 3, 2010

--F: CHK 1--

CREDIT CARDS

The Library shall possess one American Express credit card for Library use. The Director of the Library shall maintain physical possession of the American Express credit card. Employees may utilize the Library's American Express card for Library expenses only with permission of the Library Director.

Library employees may be issued, upon the Library Director's approval, vendor/store-specific credit cards. Any such credit card issued to an employee, other than those issued to the Library Director, must be physically maintained by the Business Office. Employees wishing to use a credit card must request the card from the Business Office and return the card immediately after use. The Business Manager shall maintain an up-to-date list of all Library issued credit cards. Each employee authorized to use a Library credit card must agree in writing to accept financial responsibility for any usage deemed inappropriate or non-Library related by the Director.

Library credit cards must be used prudently and only for official Library business. Itemized receipts must be obtained for all credit card purchases and immediately submitted to the Business Office.

Library credit card purchases exceeding \$1,000 shall require prior approval from the Library Director.

Originally Adopted: January 23, 2006

DEPOSITS OF FUNDS

All moneys collected by Library are to be transferred to the Business Office within two days of receipt. Designated Business Office staff should deposit all moneys received into the Library's designated depositories within two (2) business days of receipt. Moneys for deposit shall never be kept in the Library for a period that exceeds five (5) business days.

The Business Manager shall be responsible for maintaining an internal control structure to provide reasonable if not absolute, assurance that deposits are safeguarded against loss from unauthorized use or disposition; that transactions are executed in accordance with Library policy and are properly recorded; and that deposits are managed in compliance with applicable laws and regulations.

Designation of Depositories

The Library Board of Trustees shall, each year at its annual reorganization meeting, designate financial institutions as depositories of Library funds. Authorized depositories shall be indicated in the approved minutes of the annual reorganization meeting.

Collateralizing of Deposits

In accordance with the provisions of General Municipal Law section 10, all deposits of the Library including certificates of deposits and special time deposits, in excess of the amount insured under the provisions of the Federal Deposit Insurance Act shall be secured by a pledge of eligible securities (obligations issued or guaranteed by the United States of America, the State of New York, or other satisfactory municipality) with an aggregate "market value" equal to the aggregate amount of deposits.

Safekeeping and Collateralization

Eligible securities used for collateralizing deposits shall be held by the depository and/or a third party, bank or trust company subject to security and custodian agreements.

The security agreement shall provide that eligible securities are being pledged to secure library funds together with agreed upon interest, if any, and any costs or expenses arising out of the collection of such deposits upon default. It shall also provide the conditions under which the securities may be sold, presented for payment, substituted or released and the events which enable the Library to exercise its rights against pledged securities. In the event that the securities are not registered or inscribed in the name of the library, such securities shall be delivered in a form suitable for transfer or with an assignment in blank to the Mastics-Moriches-Shirley Community Library or its custodial bank.

The custodial agreement shall provide that securities held by the bank or trust company, or agent of and custodian for, the library, will be kept separate and apart from the general assets of the custodial bank or trust company and will not, in any circumstances, be commingled with or become part of the backing for any other deposit or liabilities. The agreement should also describe that the custodian shall confirm the receipt, substitution or release of the securities. The agreement shall provide the frequency of revaluation of eligible securities when a change in the rating of a security may cause ineligibility. Such agreement shall include all provisions necessary to provide the library a perfected interest in the securities.

Latest Revision: January 23, 2006

Originally Adopted: March 29, 1999

DESIGNATION OF ACCRUED PERSONNEL LIABILITIES

The Library shall designate sufficient moneys within its capital fund to cover potential expenses payable to resigning or retiring employees who are eligible for compensation for unused sick and/or vacation days. The Library shall establish separate account codes for this purpose.

Further, the Library shall designate sufficient moneys within its capital fund to cover potential expenses payable to former employees who are entitled to unemployment compensation through the Library's benefit reimbursement unemployment insurance policy. The Library shall establish a separate account code for this purpose.

The amount of moneys designated within the Library's capital fund for these purposes shall be determined by the Library Board of Trustees prior to each fiscal year at the Board of Trustees' annual organization meeting.

Latest Revision: October 23, 2006
Originally Adopted: March 29, 1999 (Vacation and Sick Pay Account)

DISPOSITION OF SURPLUS EQUIPMENT

The Library Director may dispose of unnecessary or unutilized Library equipment in any legal manner. It is preferred that equipment deemed to have value be sold or donated to other libraries or agencies of public good rather than being discarded.

The Library Director shall report to the Board of Trustees at a regularly scheduled Board of Trustees meeting disposed equipment which held an appraised value of more than or equal to one thousand dollars (\$1,000).

The Library Director shall receive approval by the Board of Trustees at a regularly scheduled Board of Trustees meeting prior to disposing of equipment which holds an appraised value of more than or equal to five thousand dollars (\$5,000).

Latest Revision: January 23, 2006
Originally Adopted: March 29, 1999

FINANCIAL INTEGRITY & ACCOUNTABILITY

WHEREAS, effective systems of internal accounting and administrative control provide the basic foundation upon which a structure of public accountability must be built; and,

WHEREAS, effective systems of internal accounting and administrative control are necessary to assure that the Mastics-Moriches-Shirley Community Library assets and funds are adequately safeguarded, as well as to produce reliable financial records and reports and,

WHEREAS, effective systems of internal accounting and administrative control are necessarily dynamic and must be continuously reviewed and evaluated and where necessary established, changed, or improved; and,

WHEREAS, fraud and errors are more likely to occur from a lack of effective systems of internal accounting and administrative control in The Mastics-Moriches-Shirley Community Library; and,

WHEREAS, reports regarding the adequacy of the systems of internal accounting and administrative control of each department and agency are necessary to evaluate the performance of its public responsibilities and accountability now, therefore,

The Trustees of the Mastics-Moriches-Shirley Community Library hereby resolve that:

-- F: FIA 1 --

SECTION 1 - OBJECTIVES

The Library shall have adequate internal accounting and administrative controls to provide reasonable assurance that:

- * Obligations and commitments are in compliance with applicable law and policy;
- * Funds, property, and other assets are safeguarded against waste, loss, unauthorized use, or misappropriation;
- * Revenues and expenditures, applicable to the Mastics-Moriches-Shirley Community Library operations, are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports and to maintain accountability over the assets; and,
- * Mastics-Moriches-Shirley Community Library programs operate efficiently and in accordance with management's policies.

The internal controls of the Library shall be established in accordance with the Standards established by the State Comptroller Guidelines for Financial Integrity and Accountability. These Standards shall include the prompt resolution of all audit findings.

SECTION II - RESPONSIBILITY AND PROCEDURE

The Director shall establish Guidelines for the evaluation of the Library's systems of internal accounting and administrative control to determine such system's compliance with the Standards. The Director may modify such Guidelines from time to time as deemed necessary. The Guidelines shall be subject to review by the Auditor who shall also be available for consultation in establishing and modifying the Guidelines.

By November 1, of each succeeding year, the Auditor shall, on the basis of an evaluation conducted in accordance with the prescribed Guidelines, prepare a statement:

- * That the Library's systems of internal accounting and administrative control fully comply in all material and significant aspects with the Standards; or,
- * That such systems do not fully comply with the Standards.

In the event that the Auditor prepares a statement stating that such systems do not fully comply with the standards, then the Auditor shall include with such statement a report in which any material or significant weaknesses in the systems of internal accounting and administrative control are identified, and plans and a schedule for correcting any such weaknesses should be supplied.

The statements and reports required by this act shall be signed and transmitted to the Trustees of the Mastics-Moriches-Shirley Community Library by November 1. Such statements and reports shall also be made available to the public except where prohibited from disclosure by law.

FISCAL YEAR

The Fiscal Year of the Mastics-Moriches-Shirley Community Library shall begin on the first day of July and end on the 30th day of June.

Originally Adopted: April 24, 2006

-- F: FY 1 --

FINANCIAL REPORTING - INTERNAL

The Library Director shall present to the Library Board of Trustees at each regularly scheduled Board meeting:

- A report indicating cash balances on hand for each fund at the beginning of the month, total activity for each fund, and balance on hand for each fund at the close of each month.
- A report indicating amounts of receipts and expenditures by budget category for the current month and fiscal year to date.

Further, the Director shall make available for inspection by the Board of Trustees original copies of all invoices scheduled to be paid from Library funds for the month being reviewed.

Latest Revision: March 27, 2006
Originally Adopted: March 29, 1999

INVESTMENTS

This investment policy of the Mastics-Moriches-Shirley Community Library shall apply to all moneys and other financial resources available to the Library for investment on its own behalf.

Investment Objectives

The objectives of the Library's investment activities shall be, in priority order:

- 1) To conform with all applicable federal, state, and other legal requirements.
- 2) To adequately safeguard principal.
- 3) To provide sufficient liquidity to meet all operating requirements.
- 4) To obtain a reasonable rate of return.

Delegation of Authority

The Director of the Library shall be responsible for the administration of the Library's investment program. The Business Manager of the Library shall maintain procedures for the operation of the investment program consistent with this investment policy. Such procedures shall include an adequate internal control structure.

Prudence

Investments shall be made with judgment and care. Library funds are to be utilized, not for speculation, but for investment, considering the safety of the principal as well as the probable income to be derived.

All participants in the investment process shall seek to act responsibly as custodians of the public trust and shall avoid any transactions that might impair public confidence in the Library. Further, all participants in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions.

Diversification

The Library shall seek to diversify its deposits and investments by financial institution, by investment instrument, and by maturity schedule.

Designation of Depositories

The Library Board of Trustees shall, each year at its annual reorganization meeting, designate financial institutions as depositories of Library investments. Authorized depositories shall be indicated in the approved minutes of the annual reorganization meeting.

Collateralizing of Deposits

In accordance with the provisions of General Municipal Law section 10, all deposits of the Library including certificates of deposits and special time deposits, in excess of the amount insured under the provisions of the Federal Deposit Insurance Act shall be secured by a pledge of eligible securities (obligations issued or guaranteed by the United States of America, the State of New York, or other satisfactory municipality) with an aggregate "market value" equal to the aggregate amount of deposits.

INVESTMENTS (continued)

Safekeeping and Collateralization

Eligible securities used for collateralizing deposits shall be held by the depository and/or a third party, bank or trust company subject to security and custodian agreements.

The security agreement shall provide that eligible securities are being pledged to secure library funds together with agreed upon interest, if any, and any costs or expenses arising out of the collection of such deposits upon default. It shall also provide the conditions under which the securities may be sold, presented for payment, substituted or released and the events which enable the Library to exercise its rights against pledged securities. In the event that the securities are not registered or inscribed in the name of the library, such securities shall be delivered in a form suitable for transfer or with an assignment in blank to the Mastics-Moriches-Shirley Community Library or its custodial bank.

The custodial agreement shall provide that securities held by the bank or trust company, or agent of and custodian for, the library, will be kept separate and apart from the general assets of the custodial bank or trust company and will not, in any circumstances, be commingled with or become part of the backing for any other deposit or liabilities. The agreement should also describe that the custodian shall confirm the receipt, substitution or release of the securities. The agreement shall provide the frequency of revaluation of eligible securities when a change in the rating of a security may cause ineligibility. Such agreement shall include all provisions necessary to provide the library a perfected interest in the securities.

Permitted Investments

As authorized by General Municipal Law section 11, the public library authorizes the Library's Director and Business Manager to invest moneys not required for immediate expenditure for terms not to exceed its projected cash flow needs in the following types of investments:

- Special time deposit accounts;
- Certificates of Deposit;
- Obligations issued, or fully insured or guaranteed as to the payment of principal and interest, by the United States of America;
- Obligations issued or fully insured or guaranteed by the State of New York.

Purchase of Investments

The Director of the Library, or appointed designee, is authorized to contract for the purchase of investments:

- 1) Directly from a Board of Trustees authorized financial institution or dealer.
- 2) By participation in a cooperative investment program with another authorized governmental entity pursuant to Article 5G of the General Municipal Law where such program has been authorized by the Board of Trustees.
- 3) By utilizing an ongoing investment program with an authorized trading partner pursuant to a contract authorized by the Board of Trustees.

INVESTMENTS (continued)

All obligations, unless registered or inscribed in the name of the Mastics-Moriches-Shirley Community Library shall be purchased through, delivered to and held in the custody of a bank or trust company. Such obligations shall be purchased, sold, or presented for redemption or payment by such bank or trust company only in accordance with prior written authorization from the officer authorized to make the investment. All such transactions shall be confirmed in writing to the Library by the bank or trust company. Any obligation held in the custody of a bank or trust company shall be held pursuant to a written custodial agreement as described in General Municipal Law section 10.

The custodial agreement shall provide the securities held by the bank or trust company, as agent of and custodian for, the library, will be kept separate and apart from the general assets of the custodial bank or trust company and will not, in any circumstances, be commingled with or become part of the backing for any other deposit or other liabilities. The agreement shall describe how the custodian shall confirm the receipt and release of the securities. Such agreement shall include all provisions necessary to provide the library a perfected interest in the securities.

Latest Revision: January 23, 2006
Originally Adopted: March 29, 1999

PETTY CASH

Petty cash funds shall be established with approval of the Library Board of Trustees for the purpose of making payment in advance of authorization of properly itemized bills for materials, supplies, or services furnished to the Library calling for immediate payment on delivery.

Each Library department shall be entitled to maintain a petty cash fund. Approved petty cash funds shall be placed under the custodianship of each department's department head. No department's petty cash fund shall exceed two hundred and fifty dollars (\$250).

Expenditures from petty cash funds may be made in advance of approval by the Board of Trustees provided that a list of expenditures be made available to the Board of Trustees at the regularly scheduled Board of Trustees meeting immediately subsequent to the expenditure.

The Business Manager shall reimburse depleted departmental petty cash funds upon the department providing satisfactory documentation of expenses paid through the fund.

Latest Revision: March 27, 2006
Originally Adopted: March 29, 1999

PREPAYMENT OF INVOICES

The Library Board of Trustees shall approve all invoices prior to payment being made from Library funds except in cases where it is deemed necessary or advantageous by the Library Director or Business Manager to pay such invoices prior to approval; for example time sensitive invoices whereby the delay of payment would be detrimental or disadvantageous to the Library.

The Library Director and Business Manager shall be authorized to expend funds prior to Board approval for the following invoice types:

- Utilities
- Credit Cards
- Freight, shipping, and mailing charges
- Library Patron Refunds

The Library Director and Business Manager shall further be authorized to expend funds prior to Board approval for invoice types other than those listed above only in cases where it is deemed necessary or advantageous and where the invoice does not exceed one thousand dollars (\$1,000). Invoices, other than those types listed above, which exceed one thousand dollars (\$1,000) shall require approval of the majority of the Board of Trustees prior to payment.

The Board of Trustees shall be informed of all invoices paid prior to Board approval at the regularly scheduled Board of Trustees meeting immediately following such payment.

PROCUREMENT

Pursuant to General Municipal Law, the Library shall observe the following regarding procurement:

- All purchases contracts for commodities (i.e. supplies, materials, equipment) which can reasonably be expected to exceed twenty thousand dollars (\$20,000) during the fiscal year shall be pursuant to the competitive bidding requirements of Section 103 of General Municipal Law (awarded to lowest responsible bidder after advertising for sealed public bids).
- All contracts for public work which can reasonably be expected to exceed thirty five thousand dollars (\$35,000) during the fiscal year shall be pursuant to the competitive bidding requirements of Section 103 of General Municipal Law (awarded to lowest responsible bidder after advertising for sealed public bids).
- When a contract involves the acquisition of both commodities and services, the contract shall be bid based upon which aspect serves as the predominant primary purpose of the contract.
- In accordance with the General Municipal Law, the following types of purchases are not subject to competitive bidding regardless of contract purchase amount:
 - Purchases made directly from a qualified contract such as: the New York State Office of General Services, any Suffolk County Agency, any preferred source as defined by the State Finance Law, and other qualified Public Authority or qualified Public Benefit Corporation.
 - Work or services by public utilities regulated by the New York State Public Service Commission, for which the rates charged to customers have been tariffed in accordance with the provisions of Public Service Law.
 - Procurements from approved state agencies for the blind or severely disabled.
 - Emergency purchases where time is a crucial factor.
 - Purchases from sole source vendors or vendors where there is no possibility of competition.
 - Procurement of professional services whereby these services involve a relationship of trust and confidentiality that requires special skills, use of expert judgment, and/or a high degree of creativity.
 - Operating Leases. Documentation shall include written quotations and cost-benefits analysis of leasing versus purchasing.
 - Insurance. Documentation shall include specifications, awarding resolutions and documented quotations.

Last Revision: August 25, 2014

Originally Adopted: April 24, 2006

PROCUREMENT (continued)

- Second-hand equipment from other governments. Documentation shall include market price comparisons (verbal or written), and name of the government.
- RESOLVED, that pursuant to NY General Municipal Law Section 103 (16) the Library adopts the subject statutory prerogative to purchase apparatus, materials, equipment and supplies, and to contract for services related to the installation, maintenance or repair of those items, through the use of contracts let by the United States or any agency thereof, any state, or any other political subdivision or district therein; such procurement to be effected under the terms of the Guidance Memorandum issued in November of 2012 by the Office of the State Comptroller.

Procurement for goods and services which are not required by law to be purchased pursuant to competitive bidding must be procured in a manner which assures the prudent and economical use of public moneys, serves the best interests of the Library's taxpayers and patrons, assures the highest possible quality at the most reasonable price, and guards against favoritism, extravagance, fraud, and corruption.

Further, for procurement of goods and services which are not required by law to be purchased pursuant to competitive bidding and for which purchase from a specific vendor (i.e. qualified state contracts, sole source vendors, professional services, emergencies) is not permissible, the Library shall secure two written quotes for contracts totaling more than two thousand and five hundred dollars (\$2,500) but less than seven thousand and five hundred dollars (\$7,500); and three written quotes for contracts totaling seven thousand and five hundred dollars (\$7,500) or more but less than the required minimum for competitive bidding (i.e. \$20,000 for commodities and \$35,000 for public works). The Board reserves the right to modify the noncompetitive thresholds at its discretion.

The unintentional failure to fully comply with the provisions of General Municipal Law in regard to contract procurement shall not be grounds to void action taken or give rise to a cause of action against the Library or any officer or employee thereof.

Last Revision: August 25, 2014

Originally Adopted: April 24, 2006

TREASURER

The Board of Trustees shall appoint a Library Treasurer and two Assistant Library Treasurers each year at its annual organizational meeting. Employees of the Library may serve as Library Treasurer or Assistant Library Treasurer. Serving as a Library Treasurer is voluntary; there shall be no compensation for serving in such capacities.

The Treasurer shall be responsible for approving Library expenditures (signing checks) and conducting Library bank business as necessary. If, and only if, the Library Treasurer is unavailable, an Assistant Library Treasurer may act on the Library Treasurer's behalf.

The Library Treasurer and Assistant Library Treasurers must each be bonded, at the Library's expense, for the minimum amount of twenty-five thousand dollars (\$25,000).

Latest Revision: April 24, 2006
Originally Adopted: March 29, 1999

UNEMPLOYMENT INSURANCE PAYMENTS

The Mastics-Moriches-Shirley Community Library's Board of Trustees has elected to utilize the benefit reimbursement method of financing unemployment insurance payments. Thus, the Director should establish an account to pay unemployment insurance claims. The amount of this account will be reviewed and reestablished by the Trustees at the Annual Organizational Meeting each July.

No expenditures are to be made for Unemployment Insurance, except as required by law, and, all such expenditures are to be reported to the Trustees at their next meeting.

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UNEMPLOYMENT REIMBURSEMENT

Pursuant to New York State Unemployment Insurance Law, the Library, as a government entity, has elected to reimburse the Unemployment Insurance Fund for all benefits paid to former employees and charged to the Library's account in lieu of tax contributions (i.e. the Library has elected the "Benefit Reimbursement" option).

The Library shall designate a separate fund through which unemployment reimbursement payments shall be paid.

Latest Revision: May 22, 2006
Originally Adopted: March 29, 1999