



FISCAL POLICY MANUAL

Proposed Revisions & New Policy Highlighted in Yellow

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Introduction

This manual has been prepared to document the fiscal policies for the Mid-Hudson Library System (MHLS). Its purpose is to ensure that the assets are safeguarded, that financial statements are in conformity with generally accepted accounting principles, and that finances are managed with responsible stewardship.

All personnel with a role in the management of MHLS's fiscal operations are expected to uphold the policies in this manual. It is the intention of MHLS that this fiscal manual serve as our commitment to proper, accurate financial management and reporting.

MHLS Budget Adjustments Policy

Effective Date: 03/24/2014

Revised Date:

Developing a sound budget plan should minimize the need for adjustments but it will not eliminate it. Adjustments to the Board approved MHLS budget should serve the same planning and control purposes adopted in the development of the annual budget.

- Any single budget adjustment to revenue or expense in the amount of more than \$10,000 must be approved by the MHLS Board of Trustees.
- Any single budget adjustment to revenue or expense in the amount of \$10,000 or less may be made by the MHLS Executive Director with the consent of the MHLS Finance/Business Office Manager.
- All adjustments to the budget will be reflected in the Monthly Financial Report provided to and approved by the MHLS Board of Trustees.

MHLS Capital Fund Policy

Effective Date: 9/16/2015

Revised Date:

I. Background

MHLS owns and operates two buildings on .70 acres.

- A. The MHLS Auditorium, 105 Market Street, is a 3,200 square foot one story brick, masonry and wood building, type 5-a construction, built in 1902. It is used for large and small-group meetings and trainings by MHLS and its member libraries; all meetings and trainings are conducted on its main floor. The main floor includes a stage, a large open meeting hall, handicap-accessible bathrooms and a food/coffee area. The basement is used for storage.
- B. The MHLS Office Building, 103 Market Street, is a 12,720 square foot three-story concrete block building, type 1 construction, built in 1965-66. It is used as administrative headquarters. The main floor includes staff offices, delivery services center, conference room, a food/coffee area, and public restrooms. The second floor includes staff offices, lounge, and restroom. The third floor is used as a work and storage space.
- C. The MHLS Parking Lot is 18,051 square feet with 40 parking spaces. MHLS maintains an entrance/exit to Market Street and an exit drive to Montgomery Street.

II. Philosophy

The establishment and maintenance of a MHLS Board Designated Capital Fund [hereinafter "Capital Fund"] is deemed a high priority by the MHLS Board of Trustees in order to have the capacity to fund facilities and property maintenance, repairs, and improvements. The Capital Fund will enable MHLS to undertake and support strategic planning for activities identified in the Board approved MHLS Capital Plan, as well as, unexpected and/or emergency facilities and/or property costs.

III. Policy

The purpose of this policy is to establish and maintain a Capital Fund, unencumbered and uncommitted, at a level relative to allow MHLS to cover expected and unexpected costs for facilities and property maintenance, repairs, and improvements.

IV. Definitions

- A. Board Designated Operating Capital Fund - The amount reported in the Capital Funds – MHLS section of the MHLS Monthly Financial Report.
- B. MHLS Capital Plan - A long-range plan which identifies capital projects and equipment purchases, provides a planning schedule and identifies options for financing the plan.

V. Strategies and Procedures

- A. The Capital Fund shall be accounted for separate and apart from the Board Designated Operating Reserve Funds, the Board Designated Operating Contingency Funds, and the MHLS Members Capital Fund.
- B. The MHLS Board of Trustees will have the responsibility for ensuring the management of the Capital Fund assets is in compliance with the laws, rules, and regulations of the State of New York.
- C. The Capital Fund goal will be to achieve and annually maintain in reserve an amount to fund the Board approved MHLS Capital Plan.

VI. Sources

Assets for the Capital Fund may come from any MHLS revenues, as determined by the MHLS Board of Trustees, except the MHLS Members Capital Fund.

VII. Uses

The Capital Fund may support:

- A. Activities identified in the Board approved MHLS Capital Plan;
- B. Any MHLS cost the MHLS Board determines appropriate for funding with Capital Funds.

VIII. Governance

Approving the use of Capital Funds will follow the *Procedures for Budget Adjustments* as adopted by the MHLS Board. These procedures include:

- A. Any single budget adjustment to revenue or expense in the amount of more than \$10,000 must be approved by the MHLS Board of Trustees.
- B. Any single budget adjustment to revenue or expense in the amount of \$10,000 or less may be made by the MHLS Executive Director with the consent of the MHLS Finance/Business Office Manager.

- C. All adjustments to the budget will be reflected in the Monthly Financial Report provided to and approved by the MHLS Board of Trustees.

IX. Maintenance

- A. The status of the Capital Fund will be calculated at the end of each fiscal year and at mid-year based upon audited financial results the MHLS budget approved by the MHLS Board of Trustees.
- B. The MHLS Finance Committee will consider the adequacy of the Capital Fund amount and will recommend to the MHLS Board any changes as deemed necessary.

X. Policy Review

This policy will be reviewed annually by the MHLS Finance Committee or sooner if conditions warrant. The MHLS Facilities Committee will provide the MHLS Finance Committee with an annual report on the MHLS Capital Plan. Any changes thereto will be forwarded by the MHLS Finance Committee to the MHLS Board of Trustees for consideration and approval by the Board.

MHLS Cash Disbursements Policy

Effective Date: 3/10/2011

Revised Date: 12/5/2015

The payment process must be accurate and timely, avoid penalties, use and take discounts, and allocate expenses to the correct account code.

Unused check supplies are kept safeguarded under lock and key. Only individuals responsible for preparing checks will have access. A Check Disbursement Log will be completed at the time checks are printed.

All check disbursements require approved invoices or processing sheets. Payment against monthly statements, without invoices, is not allowed. Vendor invoice must be verified against the purchase order and/or receipt of goods or services prior to payment. The resulting checks and invoices will be audited and approved by the Executive Director or Assistant Director, then signed by the Finance Manager, and mailed or distributed by the Accounting Assistant or Executive Assistant. Checks over \$25,000 require two signatures.

The warrant of all payments made will be reviewed and approved by Board motion as is appropriate.

MHLS is exempt from sales tax on the purchase of all goods and services.

Signed checks that have not been mailed or distributed will be put under lock and key at the end of each day.

MHLS Cash Receipts Policy

Effective Date: 3/10/2011

Revised Date:

All mail for the Business Office will be opened and date stamped by the Executive Assistant or Accounting Assistant. All checks received will be endorsed and locked in safe until deposited.

Receipts are deposited to MHLS's Regular Checking Account on Thursday each week using Remote Deposit software by the Finance/Business Office manager and receipted in the accounting program by the Accounting Assistant. In the absence of the Finance/Business Office Manager, the Executive Director will process deposits.

Funds from New York State are received electronically directly to the Regular Checking Account.

Deposited funds not required for immediate disbursement may be deposited in Certificates of Deposit issued by the bank and secured by a pledge of obligations of the United States of America or obligations of the State of New York.

Check Signing

Effective Date: 3/24/2014

Revised Date:

MHLS checks of \$25,000 or more must be signed by two persons registered with the bank as authorized signers on the MHLS account.

The MHLS Board authorizes the Assistant Director as an additional authorized signer on the MHLS account.

Credit Cards

Effective Date: 3/24/2014

Revised Date:

The MHLS Board authorizes two MHLS credit cards, one MHLS card in the name of Linda Vittone with an authorization limit of \$3,000, and a second MHLS card in the name of Tom Sloan with an authorization limit of \$5,000.

MHLS CREDIT CARD POLICY with First Niagara Bank

Effective Date: 3/24/2014

Revised Date:

1.0 PURPOSE

To provide an efficient method to charge business-related travel expenses and for the purchase of goods and services when the use of the System's purchasing system is not possible or practical.

2.1 SCOPE

All personnel assigned a System credit card.

3.0 PROCEDURE

Eligibility

Who is eligible and what are the criteria? The Finance Manager with a \$3,000 limit and the Executive Director with a \$5,000 limit.

Distribution – Cards are distributed to the Finance Manager.

Management

Who assigns the cards and monitors the program? Board approves assignees and expenses are monitored by the Business Office.

Approved Use

Credit cards may be used for the following purchases:

Conference travel arrangements (made by Accounting Assistant); office items that can only be purchased online; Home Depot purchases; other stores upon approval.

Restrictions

Restricted use of the cards – For MHLS approved purchases only, no cash advances, ATM use, personal use, etc.

Reporting Charges

Charges are requested by staff through a Purchase Requisition or an email renewal and approved by Finance Manager if budgeted item, approved by Executive Director if not budgeted.

Pre-approved conference travel arrangements can be made by Accounting Assistant.

Payment of Charges - When invoice arrives the charges are matched with supporting documentation by the Accounting Assistant and forwarded to the Finance Manager for payment. All checks are approved by the Executive Director.

Card Renewal

Renewal Process.

Lost or Stolen Cards

Lost or stolen cards are reported to the Business Office. The Finance Manager or Accounting Assistant will then report lost or stolen card information to First Niagara Bank credit card department. Business Office will then follow instructions from the bank regarding replacement.

Account Cancellation

Card cancellation or change in designated user will be processed by the Business Office.

Unauthorized Use

Any unauthorized use will result in disciplinary action, up to and including termination of employment.

Card Security

Cards are held in a locked desk drawer by the Finance Manager and can only be accessed by the Finance Manager or Accounting Assistant.

MHLS Electronic Funds Transactions/Online Banking Policy

Effective Date: 2006

Revised Date: 3/25/2014

Revised Date:

The Mid-Hudson Library System (MHLS) has entered into a written agreement with First Niagara Bank for electronic transactions and online banking. Unique identifications have been assigned and passwords are secured and changed regularly.

The Finance/Business Office Manager serves as administrator, and the Accounting Assistant is a second administrator of the online account. The Finance/Business Office Manager reviews the online banking transactions at least once a week for any unusual activity.

All deposit accounts are held at First Niagara Bank. Internal account transfers, check payment stops and certain electronic payments and debits are authorized activities. The following electronic payments and debits are allowed:

- Payroll Direct Deposit that is set up internally at MHLS with disc provided by payroll service, debited from Payroll Checking.
- Electronic Federal Tax Payment System and NYS Department of Taxation and Finance are authorized to debit payroll withholding taxes from Payroll Checking per bi-weekly reporting.
- NYS Retirement is authorized to debit from Payroll Checking the employee payroll contributions per the Monthly Retirement Report. The NYS Retirement is also authorized to debit from General Checking the amount reported on MHLS's annual invoice.
- ~~Hudson River Transports~~ Delivery services vendor weekly invoices are allowed to be paid as an Automated Clearing House (ACH) payment set up internally as a debit to General Checking.
- TIAA-CREF is authorized to debit from Payroll Checking the employee 403(b) contributions per the bi-weekly report. TIAA-CREF is also authorized to debit from General Checking the bi-weekly amount of employee and MHLS contribution to the Voluntary Defined Contribution Program (VDCP) per transmitted report.

The Payroll Direct Deposit, ~~Hudson River Transports~~ Delivery services vendor and TIAA-CREF for VDCP are set up directly as ACH payments on the First Niagara Bank website and require one person to set up the payment and a second person to release the payment.

The MasterCard credit cards are reviewable on the First Niagara Bank website.

MHLS Equipment Control Policy

Effective Date:

Revised Date:

OVERVIEW

The fundamental objective of the Mid-Hudson Library System's (MHLS) Equipment Control Policy (ECP) is to facilitate proper and timely reporting of equipment transactions and safeguard against loss. The ECP outlines the criteria for including property and equipment covered in the ECP, as well as tagging, inventory, and property disposal procedures and requirements.

MHLS administrative staff is responsible for the implementation and monitoring of the ECP including:

- Reporting acquisitions of property; changes in property status and location; and/or theft and loss of equipment;
- Providing access to property for tagging and inventory functions;
- Participating in maintaining and verifying data included in reports.

I. Equipment Control Procedures for Equipment Items less than \$1,000

For MHLS-owned equipment below the \$1,000 capitalization threshold¹, MHLS will not list the equipment on the MHLS inventory, but, will assign an ownership tag, if possible. The fact that equipment under the threshold does not have to be inventoried under the ECP does not relinquish MHLS's responsibility to safeguard the asset. Tagging all items of equipment with a MHLS ownership tag assists in the establishment of ownership.

For items under the threshold, MHLS will make a distinction between what is considered an equipment item for tagging purposes, and what is considered an item of supply, not tagged. Equipment is generally durable and has a probable life beyond a reporting period of more than one year.

Specific higher risk items under \$1,000 but over \$500, such as computer workstations and laptops, shall be inventoried and tagged.

MHLS will periodically spot-check elected equipment items under \$1,000 to verify their existence and condition.

II. Equipment Control Procedures for Equipment Items \$1,000 or more

All MHLS-owned equipment (purchased, donated, or lease-purchase arrangement) with an original unit cost of \$1,000 and above and with a life expectancy of greater than one year will be inventoried and be assigned an ownership tag.

Operating systems and software applications meeting this criteria should be assigned an asset number and recorded as an MHLS asset

¹ "Capitalization threshold": The dollar value at which MHLS elects to capitalize its capital assets for financial reporting.

The following is an outline of the procedures to be followed for property acquisitions.

A. Ownership Tagging

Upon receipt, all MHLS owned equipment \$1,000 and above should be tagged with a MHLS ownership tag. The presence of a MHLS ownership tag signifies MHLS ownership and stewardship responsibilities.

Ownership tags should be placed where they will not be damaged and can be accessed for physical inventory. If a tag is missing or damaged, MHLS should assign a new tag. Some property is not suitable for tagging such as software or equipment which may become very hot during operation. For property that cannot be tagged, the record created in the MHLS inventory will note the distinguishing features of the property and that the property has not been tagged.

B. Inventory

The MHLS Business Office will maintain a physical inventory schedule of MHLS-owned equipment and annually reconcile the inventory based on an annual physical inventory.

The MHLS Facilities Manager or designee shall conduct an annual physical inventory of MHLS-owned equipment.

The annual inventory process shall identify equipment that is missing, disposed of, or transferred, as well as equipment location or condition changes, and missing or damaged decals.

Assets not located during physical inventory should be promptly reported to the MHLS Executive Director. MHLS will report the theft, loss or misuse of MHLS assets in excess of \$1,000 (original cost) to the MHLS Board of Trustees. Assets determined to be unaccountable should be retired from the inventory after proper authorization.

MHLS Inventory Elements:

1. Description - Brief description (e.g, laptop, van) to assist with asset identification.
2. Date Received - Month, day and year (MMDDYY) of arrival date at MHLS.
3. Cost - Cost at acquisition will be based upon actual cost, gifts at fair market value, or an estimated cost.
4. Make – A product or line of products bearing a known brand name.
5. Model - Model numbers specified by the manufacturer, if any.
6. Serial Number - A unique number is required serve as an item's identification and its linkage to the MHLS inventory. For example, alpha and/or numeric serial number.
7. Warranty Number (if not Serial #) & Warranty End Date - Manufacturer warranty number, if any; month, day and year (MMDDYY) of asset warranty expiration based upon the warranty terms, if any.
8. Location - The physical location of the asset.
9. Assigned to Staff Member/Used By - The MHLS unit and/or staff member providing stewardship of the asset.
10. Computer Name (if computer)
11. Useful Life (in years) - An estimate of the useful life of the asset.

12. Condition - Based upon asset condition upon receipt, physical inventory, or circumstances affecting condition change, a code should be assigned and/or updated to describe condition of the asset. (N-New; G-Good; F-Fair; P-Poor; S-Scrap)
13. Date of Disposition
14. Comments

III. Equipment Disposition

The MHLS Facilities Manager, in consultation with the MHLS Executive Directors, will determine the appropriate final disposition of surplus equipment. For equipment with a remaining useful life the disposal procedure will be to:

1. Offer to MHLS Member Libraries
2. Donate to Local Charity Without Religious Affiliation (e.g., Goodwill)
3. Salvage for Repurpose (equipment remaining in-house should be labeled "salvage")
4. Redeem for Scrap Value
5. Recycle
6. Discard Properly

MHLS Investment Policy

Effective Date: 12/5/2015

Revised Date:

This investment policy applies to all moneys and other financial resources available for investment on its own behalf or on behalf of any other entity or individual.

The primary objectives of the Mid-Hudson Library System (MHLS) investment activities are, in priority order:

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

The MHLS Board of Trustees responsibility for administration of the investment program is delegated to the Executive Director and the Finance/Business Office Manager.

Any participant in the investment process shall seek to act responsibly as custodians of the public trust and shall avoid any transaction that places MHLS funds at unreasonable risk. Investment decisions and activities shall be made in conformance with the MHLS Conflict of Interest Policy. The Executive Director and the Finance/Business Office Manager are responsible for establishing and maintaining an internal control structure to provide assurance that deposits and investments are safeguarded against loss from unauthorized use or disposition, are recorded properly, and are managed in compliance with applicable laws and regulations.

In accordance with the provision of General Municipal Law, Section 10, all deposits of the MHLS including certificates of deposit 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 U.S. securities” with an aggregate “market value” equal to the aggregate amount of deposits from the categories designated in Appendix A to the policy. (See Appendix immediately following this policy.)

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

The security agreement shall provide that eligible securities are being pledged to secure the MHLS’s deposits together with agreed upon interest, if any, and any costs or expenses arising out of the collection of such deposits upon default.

The custodial agreement shall provide that securities held by the bank or trust company, or agent of and custodian for the MHLS, 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 the backing for any other deposit or other liabilities.

Mid-Hudson Library System authorizes the Executive Director and the Finance/Business Office 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 of the United States of America
- Obligations guaranteed by agencies of the United States of America where the payment of principal and interest are guaranteed by the United States of America
- Obligations of the State of New York
- Obligations issued pursuant to Local Finance Law, section 24.00 or 25.00 (with approval of the State Comptroller) by any municipality, school district or district corporation
- Obligations of public authorities, public housing authorities, urban renewal agencies and industrial development agencies where the general state statutes governing such entities, or whose specific enabling legislation, authorize such investments

All investment obligations shall be payable or redeemable at the option of the MHLS within such times as the proceeds will be needed to meet expenditures for purposes for which the moneys were provided.

All purchased obligations, unless registered or inscribed in the name of Mid-Hudson Library System, 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 Executive Director or Finance/Business Office Manager. All such transactions shall be confirmed in writing to MHLS 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.

Mid-Hudson Library System may do business with any Federal Deposit Insurance Corporation insured bank.

Appendix A
MHLS Investment Policy

Schedule of Eligible Securities (per General Municipal Law Section 10)

1. Obligations issued by the United States of America, an agency thereof or a United States government sponsored corporation or obligations 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.

2. Obligations partially issued 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 guaranty.

MHLS Operating Contingency Fund

Effective Date: 12/6/2014

Revised Date:

I. Background

MHLS has had projects approved in the budget, at predetermined amounts, however, has encountered unpredictable changes in the project, resulting in additional costs. Additionally, MHLS has had projects under development but not ready for a line item adoption at the time the MHLS Board has approved a new fiscal year budget. Also, MHLS has benefited from undertaking projects during a fiscal year that were not known at the time the MHLS Board approved a fiscal year budget. The need for an operating contingency fund has been demonstrated as a helpful management tool that financially prepares MHLS for conditions unknown at the time of a new fiscal year budget approval, such as cost changes in approved projects and opportunity to implement projects not included in approved budget.

II. Philosophy

The establishment and maintenance of a funded MHLS Board Designated Operating Contingency Fund [hereinafter "Contingency Fund"] is deemed a high priority by the Mid-Hudson Library System (MHLS) Board of Trustees in order to have the capacity to fund services, projects, and/or operations not budgeted at the time the MHLS Board adopts a new annual budget. The Contingency Fund will also enable MHLS to undertake strategic activities and projects not funded at the time of budget adoption.

III. Policy

The purpose of this policy is to establish and maintain a Contingency Fund, unencumbered and uncommitted, at a level relative to allow MHLS to cover unexpected costs and undertake strategic activities/projects not funded in the MHLS Board annual budget at the time of Board adoption.

IV. Definitions

- A. Board Designated Operating Contingency Fund – Included in the amount reported in the Unassigned Fund Balance section of the MHLS Audit Balance Sheet.
- B. Costs of Funding Services and Operations - MHLS costs for all services, business operations and practices. For the purpose of calculating the total cost of services and operations, the following funds are excluded: Central Library Development Aid, Central Library Book Aid, Local Library Services Aid, and other similar library designated funds (e.g., town/county funds to member libraries).

V. Strategies and Procedures

- A. The Contingency Fund shall be accounted for separate and apart from Board Designated Operating Reserve Funds, the MHLS Capital Funds, and the MHLS Members Capital Fund.
- B. The MHLS Board of Trustees will have the responsibility for ensuring the management of the Contingency Fund assets is in compliance with the laws, rules, and regulations of the State of New York.
- C. The Contingency Fund goal will be to achieve and annually maintain in reserve ten (10%) of Program Funding and Operating Costs as defined in Section IV.

VI. Sources

Assets for the Contingency Fund may come from any MHLS revenues, as determined by the MHLS Board of Trustees, except the MHLS Members Capital Fund.

VII. Uses

The Contingency Fund may support:

- A. Additional costs incurred for projects approved in the budget at predetermined approved amounts; and/or
- B. Projects under development but not ready for line item adoption at the time the MHLS Board has approved a new fiscal year line item budget; and/or
- C. Projects during a fiscal year that were not known at the time the MHLS Board approved a fiscal year budget; and/or
- D. Any MHLS cost the MHLS Board determines appropriate for funding with Contingency Funds.

VIII. Governance

Approving the use of Contingency Funds will follow the *Procedures for Budget Adjustments* as adopted by the MHLS Board. These procedures include:

- A. Any single budget adjustment to revenue or expense in the amount of more than \$10,000 must be approved by the MHLS Board of Trustees.
- B. Any single budget adjustment to revenue or expense in the amount of \$10,000 or less may be made by the MHLS Executive Director with the consent of the MHLS Finance/Business Office Manager.
- C. All adjustments to the budget will be reflected in the Monthly Financial Report provided to and approved by the MHLS Board of Trustees.

IX. Maintenance

A. The status of the Contingency Fund will be calculated at the end of each fiscal year and at mid-year based upon ~~audited financial results~~ the MHLS budget approved by the MHLS Board of Trustees.

B. The MHLS Finance Committee will consider the adequacy of the Contingency Fund amount and will recommend to the MHLS Board any changes as deemed necessary.

X. Policy Review

This policy will be reviewed annually by the MHLS Finance Committee or sooner if conditions warrant. Any changes thereto will be forwarded by the MHLS Finance Committee to the MHLS Board of Trustees for consideration and approval by the Board.

MHLS Operating Reserve Fund Policy

Effective Date: 12/6/2014 Revised Date:

I. Background

The Mid-Hudson Library System (MHLS) normally receives the payment of State Aid to Public Library Systems from the State of New York seven (7) months after the start of the MHLS fiscal year.

Additionally, MHLS has experienced delays in payment beyond the seven (7) month period. This payment schedule and delays have resulted in MHLS conducting an assessment of the need to maintain an operating reserve fund which allows MHLS and MHLS members to address delayed payments with a minimum disruption to MHLS services.

II. Philosophy

The establishment and maintenance of a funded MHLS Board Designated Operating Reserve Fund [hereinafter "Reserve Fund"] is deemed a high priority by the MHLS Board of Trustees in order to ensure continuity of services to member libraries. The Reserve Fund will enable MHLS to:

- a) Provide services to members without interruption;
- b) Maintain continuity in business operations and practices;
- c) Manage cash flow;
- d) Prepay vendor contracts to take advantage of multi-year discounts;
- e) Minimize the need for borrowing working capital; and
- f) Meet commitments, obligations or other contingencies.

III. Policy

The purpose of this policy is to establish and maintain a Reserve Fund, unencumbered and uncommitted, at a level relative to the annual program funding and the costs of operating and maintaining the organization. The Reserve Fund is to serve a dynamic role and is available to be utilized as determined by the MHLS Board of Trustees.

IV. Definitions

- A. Board Designated Operating Reserve Fund - Included in the amount reported in the Unassigned Fund Balance section of the MHLS Audit Balance Sheet.
- B. Costs of Funding Services and Operations - MHLS costs for all services, business operations and practices. For the purpose of calculating the total cost of services and operations, the following funds are excluded: Central Library Development Aid, Central Library Book Aid, Local Library Services Aid, and other similar library designated funds (e.g., town/county funds to member libraries).

V. Strategies and Procedures

- A. The Reserve Fund shall be accounted for separate and apart from the Board Designated Contingency Reserve Fund, the MHLS Capital Facilities Fund, and the MHLS Members Capital Fund.
- B. The MHLS Board of Trustees will have the responsibility for ensuring the management of Reserve Fund assets in compliance with the laws, rules, and regulations of the State of New York.
- C. The Reserve Fund goal will be to achieve and maintain no greater than eight (8) months (66%) of the Costs of Funding Services and Operations as defined in Section IV.

VI. Sources

Assets for the Reserve Fund may come from any MHLS revenues, as determined by the MHLS Board of Trustees, except the MHLS Members Capital Fund.

VII. Uses

- A. The Reserve Fund is used to fund MHLS expenses as identified in the MHLS Board approved budget and fiscal policies.
- B. The MHLS Board of Trustees may also designate the use of the Operating Reserve Fund to fund:
 - a) An increased allocation to a service(s), project(s), and/or operation/administration;
 - b) Unexpected organization needs; and/or
 - c) Needs resulting from an emergency and/or disaster.

VIII. Governance

The procedure for approving use of the Reserve Funds, will follow the *Procedures for Budget Adjustments* as adopted by the MHLS Board. These procedures include:

- A. Any single budget adjustment to revenue or expense in the amount of more than \$10,000 must be approved by the MHLS Board of Trustees.
- B. Any single budget adjustment to revenue or expense in the amount of \$10,000 or less may be made by the MHLS Executive Director with the consent of the MHLS Finance/Business Office Manager.
- C. All adjustments to the budget will be reflected in the Monthly Financial Report provided to and approved by the MHLS Board of Trustees.

IX. Maintenance

- A. The status of the Reserve Fund will be calculated at the end of each fiscal year **and at mid-year** based upon **audited financial results** **the MHLS budget approved by the MHLS Board of Trustees.**
- B. Annually, the MHLS Finance Committee will consider the adequacy of the Reserve Fund amount and will recommend to the MHLS Board any changes as deemed necessary.

X. Policy Review

This policy will be reviewed annually by the MHLS Finance Committee or sooner if conditions warrant. Any changes thereto will be forwarded by the MHLS Finance Committee to the MHLS Board of Trustees for consideration and action by the Board.

MHLS Purchasing Policy

Effective Date: 3/10/2011

Revised Date: 12/5/2015

It is the policy of the Mid-Hudson Library System (MHLS) to obtain the maximum value when purchasing goods and services required for the effective operation of the organization consistent with the provisions of this policy, standard business practices, and in accordance with applicable laws and statutes.

MHLS requires competitive bids for certain items and services to keep costs at a minimum; to give interested, qualified suppliers an equal opportunity to supply goods and services to MHLS; and, to guard against favoritism, improvidence, extravagance, fraud, and abuse. This policy sets forth the provisions to ensure compliance with applicable General Municipal Law and MHLS policies.

MHLS is a cooperative library system. It is neither a political subdivision of the State nor a district thereof and is not subject to General Municipal Law except when purchasing for a member library that must comply with New York State statutes.

No purchases of goods and services for MHLS may be made in a manner that violates this policy. Only the Executive Director or his/her designee may make purchases or commit to make purchases on behalf of the Mid-Hudson Library System. Thus, with the few exceptions set forth within, all purchases require advance planning and the preparation of a purchase order.

When MHLS executes procurement actions for itself or member libraries that are required to comply with New York State purchasing regulations, all purchasing actions will be in accordance with applicable General Municipal Law.

When MHLS executes procurement actions for itself or member libraries that are not required to comply with New York State purchasing regulations, MHLS local policies shall apply:

Public Works ¹	Up to \$35,000	Discretion of Executive Director/Designee
Public Works	Over \$35,000	Competitive bidding requirements ²
Other Purchases or Services	Up to \$20,000	Discretion of Executive Director/Designee
Other Purchases or Services	Over \$20,000 to \$49,999	Competitive bidding requirements ³

NYSED/ P-12/SOMS/Educational Management Services/District Management/Purchasing/Purchasing Handbook - Public works contracts apply to those items or projects involving labor or both materials and labor. The law does not cover professional service contracts such as for insurance, electricity, water, or services performed by engineers, architects, and attorneys.

¹ <http://www.p12.nysed.gov/mgtserv/purchasing/handbook3.html>

² <https://www.osc.state.ny.us/localgov/training/modules/capplan/three/bids.htm>

³ Ibid.

For Public Works up to \$35,000 and Other Purchases or Services up to \$20,000:

- I. For all Public Works or Purchases/Services below \$2,500, quotes will be sought from at least two bidders. Quotes may be oral and/or in writing. Quotes may be made without public advertisement. MHLS shall make an award based on the most responsible quote that is in the best interest of MHLS.
- II. For all Public Works or Purchases/Services more than \$2,500 and less than \$10,000, quotes will be sought from at least two bidders. Quotes will be in writing. Quotes may be made without public advertisement. MHLS shall make an award based on the most responsible quote that is in the best interest of MHLS.
- III. For all Public Works or Purchases/Services more than \$10,000 but below the public bidding limit, quotes will be sought from at least three bidders. Quotes will be in writing. Quotes may be made without public advertisement. MHLS shall make an award based on the most responsible quote that is in the best interest of MHLS.

Competitive bidding may not apply for:

- I. Purchases through New York State contracts
- II. Items to be purchased from a "sole source"
- III. Purchases or public works required in an emergency
- IV. Professional services

Single and sole source purchases are allowed. Single source purchases are those in which other qualified sources may be available but competition would not be beneficial because of prior agreements or technical considerations. Sole source purchases are those in which there are no other qualified suppliers. In the absence of competition, reasonable attempts to negotiate fair and reasonable pricing are required.

Reasonable efforts will be made to ensure suppliers providing goods and services to MHLS are qualified and reputable. It is MHLS policy to purchase goods and services from qualified local sources when prices are fair and reasonable.

The Executive Director and the Finance/Business Office Manager shall be responsible for establishing procedures that comply with the requirements of this policy and demonstrate efficient controls.