



**FINANCIAL POLICIES**

**AND**

**CONTROLS**

**Adopted by the Board of Trustees November 10, 2025**

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## **I. Introduction**

The Croton Free Library (the “Library”) is an Association Library primarily funded by voter-approved tax dollars. Each May, residents of the Croton-Harmon Union Free School District vote on the Library’s annual budget, which appears as a separate item on the same ballot as the school district budget. This process is authorized under New York State Education Law §259. Once approved, over 90% of the Library’s annual income is collected by the school district on the Library’s behalf and disbursed semi-annually. Each approved budget serves as an annual appropriation until modified by a future vote, providing a consistent base of public funding for Library operations. Additional revenue comes from local, town, and state aid, as well as grants, donations, and investment income.

The Board of Trustees serves as the governing authority of the Library and is responsible for fiscal oversight. As stewards of the Library’s public and private funds, the Board has adopted the following financial policies and internal controls to ensure core services are maintained and the Library’s mission is achieved and to foster transparency and maintain accountability.

This document incorporates all relevant recommended financial controls identified in the 2023 edition of the *Handbook for Library Trustees of New York State*.

## II. Governance and Financial Oversight

The Croton Free Library Board of Trustees carries out its financial oversight responsibilities through structured processes that include strategic planning, budget review, and internal financial controls. The Board works in collaboration with the Library Director and relevant Board committees to fulfill its governance role.

### A. Strategic and Budget Oversight

- The **Board of Trustees**, in partnership with the **Library Director**, sets the Library's short- and long-term strategic goals.
- The **Library Director**, with input from staff and the community, prepares a draft of the annual operating budget.
- The **Library Director** presents the proposed budget to the **Finance Committee**, chaired by the **Treasurer**, for review and recommendations.
- The **Director** and **Treasurer** present the recommended budget to the full **Board of Trustees**.
- The **Board of Trustees** reviews, finalizes, and votes to approve the budget to be presented to the public.

### B. Financial Review and Authorization

The **Board of Trustees** designates:

- The **Library Director** to audit and approve claims for payment.
- The **Library Director** and **Treasurer** to regularly review accounting records, bank statements, check images, and financial reports.
- The **President** and **Treasurer** as authorized signatories on all Library bank accounts.

The Library maintains strong internal controls through segregation of duties and adherence to its [Conflict of Interest Policy](#). Trustees and staff are required to disclose any potential conflicts and recuse themselves from related decisions.

All financial records are available for review upon request by the Board of Trustees.

### **III. Accounts and Investments**

This section outlines the Croton Free Library's financial accounts and how they are used to manage the Library's funds responsibly. These accounts ensure that the Library can cover daily operating expenses, plan for future projects, respond to emergencies, and maintain long-term financial health. The Board of Trustees oversees these funds in partnership with the Library Director.

The Library maintains five primary financial accounts

- **Operating Account** – Short-term working capital
- **Fundraising Account** – Short-term working capital
- **Capital Account** – Short-term working capital
- **Money Market Account** – Short-term investment
- **Investment Account** – Long-term investment

The Board of Trustees, in consultation with the Library Director and Treasurer, may authorize the opening of additional accounts or the transfer of funds to other financial institutions as needed.

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#### **A. Short-Term Operating Accounts**

##### **Operating Account**

The Operating Account is primarily composed of local library tax revenues and is used to support the day-to-day operations of the Library. Monthly expenses such as payroll, utilities, programming, supplies, and other recurring costs are paid from this account.

##### **Fundraising Account**

The Fundraising Account holds contributions generated by the Library Board of Trustees' Fundraising Committee. These funds are used to cover expenses related to special events and programs, helping to enhance and expand services beyond the scope of the operating budget.

## **Capital Account**

The Capital Account is used to hold funds earmarked for major capital projects and facility-related expenses. It typically maintains a minimal balance unless funds have been designated for an upcoming project.

## **B. Investment Accounts**

The Library maintains two investment accounts to responsibly grow and steward funds that are not needed for immediate operations:

### **Money Market Account**

This is a low-risk, short-term investment account used as a temporary holding place for tax revenues. The Library receives tax revenue disbursements from the Croton-Harmon Union Free School District in two installments, usually October and February. These funds are deposited into the Money Market Account, then transferred monthly to the Operating Account to meet ongoing expenses.

### **Long-term Investment Account**

The Long-Term Investment Account holds funds reserved for emergencies, major planned capital expenditures (such as building renovations or infrastructure upgrades), and donor endowments.

This account also includes:

- **Unrestricted funds** from private donations, which may be allocated over time to projects and programs approved by the Board of Trustees.
- **Restricted funds** from donors, where the principal is preserved and only the income is used for designated purposes.

These funds are invested for long-term growth in a diversified portfolio designed to reduce risk while achieving market returns. The current target asset allocation is:

- **Equities:** 50% to 70% of total long-term investments (primarily through index funds)
- **Fixed income (bonds):** 30% to 50% of total long-term investments

The portfolio is reviewed periodically by the Board of Trustees, which determines the proportions of equities and fixed income investments to maintain a balanced allocation across multiple asset classes. The **Treasurer** provides the Board with an annual summary of account balances, their locations, and the current asset allocation.

Transfers between funds may be made at the discretion of the **Board of Trustees** to maintain the target asset allocation or to meet strategic financial goals.

### **Reserve Funds and Financial Stability**

The Board of Trustees maintains reserve funds equivalent to at least 6 months of operating expenses to protect against fluctuations in public funding, delays in tax revenue disbursements, and unforeseen expenditures. This reserve strengthens the Library's financial resilience and ensures continuity of operations during periods of uncertainty.

## IV. Procurement Policy

This policy outlines the procedures and responsibilities related to the purchasing of goods and services. It ensures compliance with applicable laws and promotes responsible financial management. As an association library, the Croton Free Library is not subject to public works contracts or prevailing wage requirements.

### Procurement of Goods and Services

- The **Library Director** is responsible for purchasing goods and services within the budget guidelines adopted by the Library Board of Trustees.
- The **Library Director** is authorized to spend up to **\$5,000 per transaction** at their discretion, provided such purchases are within the approved budget.
- The Director **may exceed the \$5,000 limit** for the following recurring or contractual payments:
  - Annual contracts
  - Insurance premiums
  - Employee benefits
  - Payments to the Westchester Library System
- **Purchases exceeding \$5,000** (excluding those listed above) **require prior direction or approval from the Board of Trustees.**
- The Board may require **multiple estimates or quotes** before approving such purchases. Estimates must conform to provided specifications unless the Board formally waives those requirements.
- Contracts will generally be awarded to the **lowest responsible bidder** who meets all specifications. The Board reserves the right to reject any or all bids for any reason.
- In **emergency situations** where time is a critical factor, the **Library Director (or designee)** is authorized to make necessary purchases without soliciting bids or alternative proposals. Such purchases shall be reported to the Board as soon as practicable.

## V. Claims Audit and Payment Policy

This policy outlines the Croton Free Library's procedures for the submission, verification, review, and payment of claims. The process is designed to ensure financial accountability, safeguard Library assets, and comply with legal and ethical standards.

### A. Submission and Verification of Claims

- All claims (bills or invoices) must be **dated and initialed** by the employee responsible for the purchase.
- Claims must be submitted with appropriate **supporting documentation**, such as purchase orders, packing slips, or order confirmations.
- Claims are **verified by the Library Director**, ensuring completeness, accuracy, and compliance with procurement and budget policies.

### B. Payment Processing

- Checks are prepared by the **Library Director** and require approval and signature by a designated **authorized signatory** (President or Treasurer).
- Payments may also be made via **ACH** or other **electronic funds transfer (EFT)** methods. Please see our *Online Banking and Wire Transfers Policy* (section VI).
- **Recurring monthly claims** such as salaries and wages, employee authorized payroll deductions for benefits, and debt service may be paid by recurring automatic deductions. These transactions are reviewed periodically by the Library Director.

### C. Responsibilities and Board Oversight

- The **Library Director** is responsible for:
  - Compiling a monthly Summary of Claims
  - Final preparation and distribution of payments
  - Maintaining full documentation for each claim
  - Supporting and training staff in proper claims submission procedures
- The **Finance Committee** of the Board of Trustees, chaired by the **Treasurer**, reviews the Summary of Claims monthly.
- The **Treasurer** presents the Summary of Claims to the full **Board of Trustees** for formal approval at each regular monthly Board meeting.

## VI. Online Banking and Wire Transfers

This policy outlines the procedures and responsibilities related to online banking, wire transfers, and electronic funds transfers (EFTs), including Automated Clearing House (ACH) transactions, conducted on behalf of the Croton Free Library. These tools facilitate efficient financial operations yet require strict controls to ensure transparency, accountability, and security.

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### A. Access and Security

- The **Library Director** is responsible for opening and managing all online financial accounts used to conduct Library business.
- No staff member may open an online financial account without the **prior written authorization** of the Library Director.
- The Library Director manages all usernames, passwords, and security credentials associated with online financial accounts.
- Online account credentials must be stored securely and updated as needed to maintain security, especially following staff transitions.

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### B. Authority to Conduct Electronic Transfers

The **Library Director** is authorized to:

- Enroll the Library in online banking services and enter into **ACH and EFT agreements**.
- Initiate and execute **electronic payments**, including EFT and ACH transactions, in compliance with all applicable laws and this policy.
- Approve and oversee all payroll-related electronic transactions, including:
  - Authorizing the Library's payroll service provider to disburse payroll and remit payroll taxes and benefits.
  - Managing the Library's enrollment in the **Electronic Federal Tax Payment System (EFTPS)** and **New York State tax systems**.

- Receive electronic deposits into Library accounts from federal, state, and county agencies, as well as from vendors, payment processors or other sources.

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## C. Oversight and Reporting

- The Board of Trustees designates the **Library Director** to manage and oversee all electronic banking activity, including ACH transactions, EFTs, and incoming electronic deposits.
- The Library Director is responsible for ensuring compliance with this policy and applicable laws and regulations.
- All electronic financial activity is reported to the **Board of Trustees** as part of the **monthly financial report** delivered at regular Board meetings.
- Supporting documentation for each transaction must be retained by the Library Director and made available for review upon request.

## **VII. Credit Cards and Petty Cash Policy**

This policy governs the use of credit cards and petty cash at the Croton Free Library, including cash collected at the circulation desk. Its purpose is to ensure secure handling of funds, accurate recordkeeping, and appropriate oversight of small-scale or time-sensitive purchases.

The **Board of Trustees** shall appoint the **Library Director** to be the custodian for the Library's credit cards and petty cash. The Director is responsible for the security of the funds, control of disbursements, and compliance with this policy.

### **A. Credit Cards**

Credit card accounts are maintained in the name of the Croton Free Library for use by designated employees as determined by the Library Director and/or the Board of Trustees. All credit card use must:

- Be limited to Library business
- Be documented with itemized receipts submitted to the Library Director in a timely manner

Personal purchases are strictly prohibited.

Additional credit card accounts may be opened by the Director with approval of the Board of Trustees.

Lost or stolen credit cards must be reported immediately to the Library Director and to the issuing bank.

### **B. Petty Cash**

The Library maintains a petty cash fund of **under \$500**, used to reimburse staff for the purchase of materials, supplies, or services that require immediate payment.

This fund may also be used to:

- make change for transactions at the circulation desk
- refund lost money from vending or copy machines
- make purchases under \$50

All disbursements from these funds must be supported by:

- received bills or documentation of the expenditure
- A brief statement of the purpose of the expense

Receipts and cash on hand must always total the authorized fund amount. A reconciliation of the petty cash fund will be performed at the end of each fiscal year, and may be reviewed periodically by the Finance Committee or the Board of Trustees.

## **VIII. Professional Development and Reimbursement Policy**

The Croton Free Library supports staff participation in professional development opportunities, including workshops, conferences, meetings, and webinars that are relevant to an employee's job duties or professional growth.

### **Approval and Reimbursement**

- All participation must be approved in advance by the Library Director.
- The Library Director may approve registration fees up to \$150.
- Fees over \$150 and any overnight travel require prior approval from the Board of Trustees.
- In order to be reimbursed, any approved expenses must be submitted with itemized receipts to the Library Director within two weeks of the staff member's return.
- Expenses without receipts will not be reimbursed.
- At the discretion of the Library Director, employee participants may be asked to share highlights or lessons learned at a future staff meeting.

## IX. Audit and Financial Review

An annual independent audit supports financial transparency, regulatory compliance, and accountability to the public. This policy outlines the responsibilities and timeline for conducting the Croton Free Library's annual audit and related financial reporting.

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### A. Annual Audit Process

- An **independent auditor** is engaged annually to review the Library's accounts and financial statements.
- The audit typically begins **following the conclusion of the Library's fiscal year**, usually in **August or September**.
- The **Library Director** works closely with the auditor, providing access to all relevant financial documentation, including:
  - Bank and investment statements
  - Year-end reports
  - A summary of restricted and unrestricted fund activity
  - Payroll and benefit records as requested

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### B. Board Review and Approval

- Once the **draft audit** is complete, it is submitted to the **Board of Trustees** for review and discussion.
- Following Board approval, the **final audit report** is used to complete the Library's **annual tax filing** and any required local, state, or federal reports.
- If any delays occur that may affect timely filing, the **auditor is responsible** for submitting a filing extension on the Library's behalf.

## **X. Inventory of Assets**

The Croton Free Library maintains an inventory of its physical assets to support financial oversight, insurance coverage, and responsible property management. This inventory helps ensure accountability, supports planning and budgeting, and provides a foundation for decisions related to repair, replacement, or disposal.

The asset inventory includes computers, technology equipment, furniture, and other durable items purchased or acquired by the Library.

Library materials (books, media, etc.) are tracked separately through the Library's cataloging system and are not included in this asset inventory.

The Library Director is responsible for maintaining the inventory of assets.

## XI. Disposition of Surplus Goods

It is the policy of Croton Free Library to dispose of library materials, equipment and furnishings that are no longer functional or useful. All disposal of surplus property must be conducted in an environmentally responsible, fiscally sound, and transparent manner.

- The **Library Director** is responsible for identifying surplus property and determining the appropriate method of disposal.
- No individual staff member may dispose of Library property **without prior authorization** from the Director.
- Items **may not be** discarded or removed from Library property **for personal use or gain**. Disposal of Library property for individual benefit is strictly prohibited.
- Disposal may take the form of:
  - Donation to nonprofit organizations or other libraries
  - Sale at public events or through surplus property channels
  - Recycling or appropriate waste removal
- Disposal must comply with **local, state, and federal regulations**, and should aim to minimize environmental impact whenever possible.