

Hornell Public Library Fiscal Policies	Responsibility: Accountant, Treasurer, Director
Date adopted or amended: February 10, 2026 (Effective Date March 1, 2026)	Reviewed by Board: Annually

As a public city library, the Hornell Public Library (the “Library”) is a separate entity governed by an independent board of trustees.

Funds levied on the school district and collected from the taxpayers belong to the Library per Education Law Section 259, and the Library Board of Trustees manages, expends, and accounts for them as governed by state and federal law.

The Board of Trustees of the Library is committed to safeguarding the resources in its care through the use of effective fiscal policy and internal controls.

The below-listed policies and procedures set forth the internal controls used by the board to meet this commitment.

1. Library Monies and Education Law Section 259

As provided by law:

- A. All monies received from taxes or other public sources for library purposes shall be kept as a separate library fund by the Treasurer of the district making the appropriation;
- B. Money received from taxes and other public sources for the support of the Library shall be paid over to the Treasurer of the Library upon the written demand of the trustees;
- C. All monies paid over to the Library Treasurer shall be deposited and secured in the manner provided by section ten of the general municipal law;
- D. The Library may invest such monies in the manner provided by section eleven of the law;
- E. All Library monies shall be expended only under direction of the trustees and on properly authenticated vouchers.

2. Monitoring

To ensure that controls are effective, the Library’s Board, Treasurer, Accountant, and Director will regularly review available documentation and accounting records at monthly Board Meetings to confirm that controls are being executed as designed. The Board, the Treasurer and Director will also consider the feedback received from employees.

3. Segregation of Incompatible Duties

To the greatest degree possible, it is important that the following duties are performed by separate people:

- A. Custody of assets (the person(s) responsible for accounts and other assets).

- B. Authorization or approval of transactions affecting those assets.
- C. Recording or reporting of related transactions.

Persons performing any one of the above functions must not have responsibilities in either of the other two functions. This is to prevent one person from having access to assets and responsibility for maintaining accountability or authorizing transactions affecting those assets, checks, and inventories. When segregation of duties is not possible, work shall be double checked.

4. Treasurer

At Hornell Public Library, the Treasurer is an officer of the Board.

To maintain segregation of duties, the Treasurer is charged with “custody” and maintains controlled access to and responsibility for monitoring all Library monies, including cash on hand, bank accounts, and investments.

Except as otherwise noted, the Treasurer is responsible for facilitating all record-keeping required by this policy.

5. Approval of Payables

All payables shall be approved by the board prior to payment at a regular or (if an emergency expenditure in excess of budgeted amounts) special meeting. Before approval is granted, documentation detailing the payable shall be provided for board review, and such approval shall be noted in the minutes.

6. Cash Handling

“Cash handling” includes acceptance of currency, checks, money orders, and other physical signifiers of payment. The Library uses the following controls for Cash Handling:

- A. Cash is handled in the main administrative office and at two circulation desks with mobile cash drawers. (Cash Drawer 1 and Cash Drawer 2)
- B. Both Cash Drawer 1 and Cash Drawer 2 start off with \$20 each day. A limited amount of cash is locked in a secure location solely for making change. Access to the secure area is limited to authorized personnel.
- C. Cash Drawers 1 and 2 are assigned to authorized personnel for use in designated areas.
- D. At shift change, employees count Cash Drawers 1 and 2 to ensure accuracy. All income will be documented and transactions of cash are issued a receipt and tallied.
- E. To avoid issues of counterfeit, bills over \$20 will not be accepted.
- F. Restrictively endorsing checks as soon as they are received - employees will stamp the back of a check with a “For Deposit Only” stamp.
- G. Instructing collectors that personal or payroll checks cannot be cashed from monies in their cash drawers.
- H. Instructing collectors not to accept checks for amounts over the amount due- no cash back.

- I. Where no other evidence satisfactory for the purpose of audit is available, a serially press-numbered duplicate receipt form is issued for any cash, checks, or money orders received. One copy is provided to the customer and one copy should be retained for audit purposes.
- J. The office copies of issued receipt forms are periodically reviewed by supervisory personnel, and any gaps or missing receipt forms must be investigated. Both copies of voided receipts are retained.

NOTE: A requirement for receipts is set forth in state law. General Municipal Law Section 99-b requires every officer or employee who receives payment of money for or on behalf of a local government to issue a receipt to the person paying, when no other evidence satisfactory for the purpose of audit is available. The statute also requires that the officer or employee retain a copy of the receipt. The receipt and copy must be numbered consecutively. The library will post a note that says a receipt must be issued when payment is made.

7. Accepting Payment via Credit Card

The library shall only accept credit cards as a method of payment using third party processors who comply with the Data Security Standards (DSS) established by the PCI Security Standards Council. All contracts with third party processors shall provide written assurance of such compliance.

The library shall not retain credit card information in any manner or format that is not PCI compliant. For avoidance of doubt: the Library shall not retain hard copy or electronic copies of credit card information without confirmed PCI-compliant security measures in place.

8. Deposit Procedures

The Library secures undeposited cash and prepared deposits in a locked safe until they are deposited in the bank. The Library restricts access to the vault or safe by restricting vault combination to Director, Finance Officer and designated personnel.

The Library timely deposits cash by going to the depository when amounts exceed \$300.

The Library deposits cash receipts intact. NOTE: "Intact" means that all cash collected since the last deposit must be deposited in the same form as it was collected (cash, check, or money order). This practice is to deter the cashing of checks from the proceeds of collections.

Prior to deposit, the Hornell Public Library Finance Office staff (Library Aide with Financial Duties) prepares and maintains detailed deposit slips. Deposit slips must be detailed enough to identify the composition of the deposit between cash collected and individual checks deposited. This enables cash receipt transactions to be easily identified, traced, and corrected if detailed deposit slips are prepared.

Deposits are made by the Treasurer, Vice President or Director (the authorized signers of the accounts).

The Hornell Public Library Accountant should be the final custodian of all deposit slips. This will allow any discrepancies identified during bank reconciliations to be resolved by comparing the activity in the bank and accounting records to deposit slips.

The charge for checks returned for non-sufficient funds (NSF) is \$35. Notification of the NSF check charge must be included on all billings and posted in public view.

9. Record-Keeping Procedures

The Library Accountant records receipts in the Quickbooks accounting system timely by being recorded within 72 hours.

For each cash drawer, daily cash collection records or cash register tapes are reconciled to the amount of cash on hand at the end of the day (sometimes referred to as the daily “cash-out”).

10. Cash Disbursements

The Library makes a variety of cash disbursements, mostly by check, but to a lesser degree by wire transfer for bond and note payments; by direct deposit for net payroll amounts when properly authorized; and, in cash, for petty cash disbursements.

The following “cash disbursements” controls are to reduce the risk of theft or loss occurring during the preparation, authorization and distribution of checks:

- The Library does not use cryptocurrency.
- The Hornell Public Library Accountant is responsible for check preparation. The Hornell Public Library Aide with Financial Duties, not responsible for check preparation, shall order checks and identify gaps in the numbering sequence and flag them to the Treasurer for investigation.
- Pre-numbered checks shall be issued in sequence. Blank checks and check stock shall be kept secure at all times in the safe at the Accountant’s office.
- The Library shall make checks payable to a specific payee or custodian—never to “cash” or “petty cash.”

11. Check Signing Procedures

The official responsible for check preparation and signing does not have the authority to solely (or individually) audit and approve claims for payment (such authority is vested solely with the full Board of Trustees upon resolution after due approval of vouchers).

Check signing authority is limited to the Board Treasurer, Vice President, and Director, or the Accountant after specific Board approval.

The officials responsible for signing checks will compare prepared checks to an audited and approved warrant or a payroll register prior to releasing such checks.

The Library does not use electronic signatures.

No library authority shall sign blank checks.

After checks are printed, the Library Aide with Financial Duties should account for all checks printed, voided, or returned to stock unused.

12. Credit Cards for Purchasing¹

When employees need to make small one-time purchases, it is often more convenient for them to pay with a credit card than to fill out a procurement request form and wait for it to be approved. This also saves time and energy for procurement staff. The Library does not use petty cash.

The cost of this convenience is the heightened risk of inappropriate spending, such as wasteful or personal purchases. To ensure that credit cards are used only for approved and necessary expenses, the Library has both a credit card policy and a system of internal controls in place.

Authorizing the Use of Credit Cards

- A. Each credit card must be authorized by the Board of Trustees before it is issued.
- B. Credit card holders must be trained and must acknowledge in writing that they understand their responsibilities.
- C. Cards are issued in the names of the employees (but are applied for in the name of the institution and do not rely on the credit history of the individual).
- D. The card's activity is analyzed as part of each routine financial report.
- E. Use of the card must be consistent with the card holder's job duties.
- F. A master list of all credit cards is reviewed and updated annually by the Treasurer.
- G. Cards that are not needed or accounted for are cancelled promptly by the Treasurer.

Restricting Credit Card Use

- A. Use of credit cards for personal expenses is strictly prohibited—no exceptions.
- B. Cards must not allow cash advances or cash back from purchases.
- C. Credit limit for each card is limited to \$2000.
- D. Card holders who use the card for “emergency purposes” must provide clear documentation to justify the need.

Safeguarding Credit Card Use

- A. All cards must be kept in a secure location, such as a locked desk drawer, when not being used by authorized personnel.

¹ Taken from The Office of the State Comptroller website: <https://www.osc.ny.gov/local-government/publications/cost-saving-ideas-credit-card-accountability-minimizing-risk-error-misuse-and-fraud#:~:text=Authorizing%20the%20Use%20of%20Credit,View%20Accredited%20Standards%20Committee%20X9>

- B. Use of cards by more than one staff member is discouraged. If such use is deemed necessary, a log for such a card's use must be maintained listing date, purchase and purpose, amount, and name of the staff member.
- C. Employees must never review and approve their own purchases.
- D. Billing statements should be broken down by credit card holder.
- E. Bills should be reviewed for red flags such as unusual destinations or items purchased.
- F. The director must verify that the items purchased were actually received.
- G. Credit card bills must be reconciled prior to the monthly fiscal report.
- H. Any discrepancies in the credit card bill must be investigated promptly.
- I. Inappropriate charges must be recouped from the individual responsible promptly and disciplinary measures taken if appropriate.

Documenting Credit Card Purchases

- A. Claims must not be paid without documentation.
- B. All receipts must be itemized when possible. When itemization is not possible, a detailed description must be provided.
- C. Credit card statements must be reconciled with itemized receipts and invoices.
- D. The purpose of each purchase must be documented.
- E. Card holders must provide the names of anyone who incurred the expense. (For example, if food was supplied at a meeting, indicate who was there.)

13. Petty Cash

The Library shall not use petty cash.

14. Wire Transfer Procedures

Wire transfers are rare but may be a condition of particular transactions (such as real estate transactions).

All wire transfers should be made at the direction of the President or Director after due approval by the board. Before approval is granted, documentation detailing the amount, purpose, and destination of the wire should be presented for review. Such documentation should be retained for audit purposes.

To guard against fraud, all wire transfers shall be cross-checked by the library's Accountant before being sent.

Employees who execute wire transfers should not prepare or post journal entries or reconcile bank accounts. When it is not practical to segregate these duties, a compensating control, such as supervisory review of journal entries, should be considered.

15. Bank Accounts and Bank Reconciliation Procedures

The Library will inform all depositories in writing that only the Treasurer or President is permitted to open or close bank accounts for general governmental purposes.

The Library's federal tax ID number will be in a secure location not available to other officers, employees, or to the public.

When a person authorized to sign checks or to perform wire transfers leaves the Library, the Treasurer, Accountant, or Director shall immediately contact the bank and revoke their check signing authority, online banking capabilities and wire transfer authority, and destroy his or her signature disk.

Bank reconciliations will be prepared monthly and any differences between net bank balances and general ledger cash accounts will be researched and explained. Bank reconciliations will be performed by an employee or external accountant who does not have custody or access to cash and who does not record cash receipt, cash disbursement, or journal entry transactions.

During the bank reconciliation process, check images (or cancelled checks) and bank statements should be reviewed for anything out of the ordinary, such as suspicious payees, large dollar amounts, and secondary endorsements. All check images will be retained in electronic format for audit purposes.

The Library will keep bank statements and check images in a secure location.

The Library will shred all banking correspondence not required to be maintained to prevent duplication of checks and to limit access to bank account information. Banking correspondence (including bank statements and check images) must be maintained for the period of time specified in the appropriate records retention schedule.

16. Billed Receivables - Lost book fees and other receivables

Records of receivables and bills sent by the Library shall:

- A. Individual customer accounts should include sufficient information to identify the names of the individuals responsible for payment of the bill, location of the property, mailing address (if different), account number, usage (actual or estimated), billing rates, and amount billed. A unique customer account code should be established for each account.
- B. Electronic (as well as manual) billing records or reports should include the grand total billed to all customers for the period.
- C. Bills should include an identifying section to be returned with the payment. The identifying section should include the name, address, account number, and method of payment (cash, check, money order, credit card).
- D. The face of each bill should instruct customers to communicate complaints about billing and other record-keeping errors directly to supervisory personnel.

17. Procurement Procedures

With certain exceptions (“sole source” using state-approved contractors), purchases of goods in excess of \$20,000 dollars and contracts for public work (e.g. construction) in excess of \$35,000 dollars must be acquired in accordance with competitive bidding requirements.

The line of authority for approving purchases (before they occur) is:

Item/Cost/Contract	Approval	Records
Payment for ALL purchases (collection development, utilities, etc.)	Submitted to board with voucher prior to payment	Board minutes reflecting approval upon submission of voucher.
Ordering any budgeted items (collection development, utilities, etc.)	As determined by Director, per board-approved policies.	Record of procurement as required by policy.
Ordering any unbudgeted items (emergency repair, sudden large event, etc.)	Per resolution of board adjusting budget to authorize use of library funds.	Board minutes reflecting approval budget adjustment.
Signing contracts that obligate the library to payments or specific terms.	Library Director: If contract is for services or items within budget, contracts up to \$5,000.00 per year. All other contracts: Upon Board approval.	Board minutes reflecting approval and signing authority. Optional: review by legal counsel.

Where practical, the approval to purchase goods or services should be authorized by personnel other than the employee requesting the purchase.

When possible, the approval to purchase should also be segregated from the receiving of goods and services.

All purchasing forms (such as requisitions and purchase orders) are designed to include specific details about the items or services to be purchased including quantity, costs, model numbers, terms of sale, availability of appropriations, and approvals to purchase.

All purchasing forms are to be sequentially numbered.

Complete street addresses and Social Security numbers (or federal tax ID numbers) should be obtained for all vendors and entered into the vendor master file.

Before the close of the fiscal year, the Treasurer will review all outstanding encumbrances and determine if amounts designated should be continued, adjusted, or cancelled.

When goods or services are delivered, receiving or packaging slips are to be verified against the quantity, type, and condition of the goods received. Amounts received should also be compared to amounts ordered, as described on the purchase requisition or purchase order. Verified receiving slips should be forwarded to the person responsible for preparing the claim voucher.

When possible, the responsibility for the receipt and verification of items ordered should be segregated from the employee who requested or authorized the purchase.

The Library may as needed adopt further procedures for procurements of goods and services not required by law to be competitively bid, as follows: when allowed, alternative proposals or quotations will be obtained by use of written requests for proposals (RFPs), written or verbal quotations, or other methods documenting the process, for procurements that are not subject to bidding requirements.

18. Related to employment

The Library board shall establish and approve all salary and hourly wages by position or as part of a collective bargaining agreement. Subject to statutory requirements and collective bargaining agreement provisions, the Treasurer shall also establish a list of benefits to which employees are entitled and maintain documentation on the costs and budget for the same.

Payroll authorizations by the board (hiring/termination, pay rate setting, and other payroll changes) are separate from the preparation and processing of payroll records and checks, which is overseen by the Hornell Public Library Finance Office staff and the Hornell Public Library Accountant.

All changes in employment status (e.g., additions and terminations), salary, and wage rates should be properly authorized, approved, and documented to support employment status changes. When appropriate, payroll change forms should be used to document and authorize wage and salary changes authorized by the board. The Library Director will ensure Civil Service is timely consulted on job postings, changes to job descriptions, and compensation.

Employees shall be required to document days and hours worked and leave credits used on either time sheets or automated time-keeping systems. Time entries shall be reviewed and approved by supervisory personnel who have direct contact with the employee.

The Library will maintain leave accrual records and communicate leave balances to employees regularly.

Payroll checks should not be distributed to employees prior to the actual pay dates.

Requests for direct deposit should be made in writing and kept on file for audit purposes.

The Library will reconcile the bank accounts monthly.

A complete payroll shall be submitted timely to the appropriate civil service agency or officer for certification.

All new employee positions (including job descriptions) will be formally created and the approval of the appropriate civil service agency or officer obtained when required.

Individuals will not be added to the payroll roster unless a vacant civil service position exists or the creation of a new position has been requested by the Library Board or other appropriate body or official.

19. Fund Balance (aka “Accumulated Surplus” or “Surplus Fund Balance”)

The Office of the State Comptroller regards a “Fund Balance” as “the total accumulation of operating surpluses and deficits since the beginning of a local government’s existence.”

This is not a “minimum fund balance” (see more on that below).

In the case of the Library, the Fund Balance includes all funds received and expensed, whether from taxation, donations, grants or other revenue sources.

A. Accounting

Consistent with generally accepted accounting principles, the Fund Balance of the Library may consist of the following account types:

1. Non-spendable
2. Restricted
3. Committed
4. Assigned
5. Unassigned

When the Library experiences a surplus in a fiscal year, the balance shall be applied to the Fund Balance.

B. Purpose of Fund Balance

The Library's Fund Balance shall be maintained for the following reasons:

1. Improve long-term planning initiatives (strategic plan, service enhancement)
2. Capital improvements
3. Offset revenue shortfalls
4. Unexpected expenditures (sudden emergency, sudden opportunity)
5. Stabilize revenues to maintain services without budget cutbacks
6. Reduce the cost of borrowing for cash flow (note: such borrowing is not a standard practice)

C. Decisions Regarding Fund Balance

In consultation with the Treasurer, the Accountant and Director shall review the amount of the Fund Balance for the categories above to meet upcoming needs, make written recommendations as to purpose and amounts in each category, and present the document to the Board for approval.

Prior to:

1. Spending unrestricted portions of the Fund Balance;
2. Attributing all or a part of an annual surplus to the ensuing year's budget; or
3. Determining how much unrestricted fund balance it is "reasonable" to include in the Fund Balance; or
4. Setting a "Minimum Fund Balance" (as in, the minimum amount in excess of the annual budget to retain in available funds),

The Library Board will consider the recommendation of the Finance Committee and the following factors:

1. Planned initiatives (capital expenses, programming, workforce investment)
2. Composition of the Fund Balance (how much in cash, how much in investments)
3. Timing of anticipated receipts and disbursements
4. Volatility of revenues and expenditures
5. Contingent appropriations
6. Established legal reserves
7. Potential for one-time outlays not provided for by reserves
8. Dependence on resources from other funds as well as the need to provide resources to other funds
9. Size of the Fund Balance
10. Experience in prior fiscal years
11. Address the timing for balances to be replenished to the desired level

All such decisions must be approved by a majority vote of the Library Board of Trustees.

D. Annual Budget

The Library's annual budget shall contain a statement, prepared by the Treasurer, regarding the Fund Balance estimated to be on hand at the end of the current fiscal year, together with a breakdown of such Fund Balance estimated for:

1. Encumbrances and budgeted initiatives
2. Any surplus from the previous year that the board has voted be appropriated for following ensuing year's budget
3. Amounts reserved for stated purpose
4. Remaining unappropriated amounts

Such statement shall apply the above factors to show why the unrestricted Fund Surplus does not to exceed a "reasonable amount."

E. Compliance

This Policy is based on guidance from the Office of the State Comptroller and shall be revised by the board to reflect recent legal changes and guidance.

20. Capital Asset Inventory

The Library is committed to accurate and reliable stewardship of "capital assets" (physical items in the collection, shelving, computers, furniture, etc).

Many of the internal controls in this policy, including but not limited to segregation of duties for ordering, authorizing payment, and verifying receipt of capital assets, are a part of a program of "capital asset protection."

In addition to those other internal controls, the Library is committed to protecting capital assets through quality recordkeeping that tracks the item, its source, tagged identification number, acquisition, value, depreciation, location, warranty status, and estimated remainder of useful life.

For reasons of economy, the Library only tracks capital assets with an initial value of over \$5,000.00.

A "Capital Asset Inventory" for items over \$5,000.00 will be kept complete, accurate, and up to date. The Treasurer and Director shall annually prepare an updated "Capital Asset Inventory" for the review and acceptance of the Board every October. The Board or an insurance carrier may also direct that a video recording of the assets be made from time to time.

The Library shall use the Capital Asset Inventory, together with other resources, when determining the appropriate type and amount of insurance coverage for asset loss.

Items in the Capital Asset Inventory shall be marked with an appropriate tag with a unique identification number so they may be tracked as property of the Library.

This is a version prepared for approval by the Board on 2/10/2026.

The estimated aggregate value of the Library's collection shall be included in the capital asset inventory as one item ("the collection"), except for collection items with an individual value of \$5,000.00 or more, or such items in the collection estimated to be irreplaceable and of great value to the Library's mission.

Adopted on 10 Feb 2026

- Garrett J. McGowan

