



Aldrich Public Library

6 Washington Street • Barre, VT 05641

(802) 476-7550

www.aldrichpubliclibrary.org

Financial Policy

Approved By: Aldrich Public Library Board of Trustees

Adopted: May 8, 2026

Last Revised: May 8, 2026

Review Schedule: May 2029

Overview

The purpose of this Financial Policy is to guide the internal financial operations of the Aldrich Public Library by establishing strong internal controls, clarifying roles and responsibilities, ensuring compliance with regulations, and protecting the Library's assets. The Board of Trustees holds ultimate responsibility for financial oversight, delegating certain functions to the Finance Committee and Library Administration. These policies will be reviewed periodically and revised as necessary to ensure accuracy, reliability, and transparency.

Role of Finance Committee

The Finance Committee is a standing committee of the Board of Trustees. The Committee provides financial oversight and supports the Board in fulfilling its fiduciary responsibilities.

The Finance Committee reviews monthly financial statements, assists with the development and review of the Library's annual budget, oversight of the financial review and audit, oversight of investment and financial policies, and evaluates significant expenditures or bids that require Board approval. The Committee may make recommendations to the Board of Trustees regarding financial matters as appropriate.

Final authority for financial decisions remains with the full Board of Trustees.

Budget and Expenditure Oversight

The Library operates on a fiscal year of July 1 – June 30. The Board of Trustees reviews and approves the final budget, which guides resource allocation and financial decisions throughout the fiscal year.

To ensure transparency and sound financial management, the Library arranges a yearly financial review by an outside firm. The Library may also periodically conduct an independent financial audit, or when required by state or federal law, such as when funding thresholds or regulatory requirements mandate an audit. These reviews help ensure accountability to the Board of Trustees, donors, and taxpayers.

Investment and Fund Oversight

The Library maintains a separate Investment Policy governing the management of its investment accounts. The policy provides guidelines for preserving capital, generating income to support the Library's mission, and honoring donor intent. The Board of Trustees retains full oversight of all investments.

Cash Flow

The Library shall manage cash flow in alignment with approved budgets to ensure that expenditures do not exceed available funds. The Library Director shall project cash needs, monitor receipts and disbursements, and adjust spending as necessary to maintain fiscal stability. The Library shall strive to maintain sufficient cash reserves to cover at least 30 days of operating expenses, providing a buffer for unforeseen or seasonal fluctuations in revenue and expenditures.

Internal Controls

The Library shall implement internal control procedures to safeguard assets and ensure accurate financial reporting. These controls include, but are not limited to:

- The Library Director and Assistant Library Director shall establish written procedures that provide for a segregation of duties in the handling of cash, deposits, online donations, and disbursements.
- An external bookkeeper shall, following the preparation of deposit and disbursement reports, cut checks, reconcile bank accounts, and prepare financial statements.
- The bookkeeper shall maintain documentation and records supporting all financial transactions in accordance with the Library's Records Management Policy.

Authority to Sign Financial Documents

The Library Director is authorized to sign routine financial documents, contracts, and agreements necessary for the day-to-day operations of the Library within the limits established by this policy and the approved budget. Agreements exceeding the Director's authority require approval by the Board of Trustees. The Board Chair or other authorized officers may sign documents on behalf of the Board when required.

Purchasing, Contracts, and Bidding

The Director is authorized to make any expenditures necessary for the day-to-day operations of the Library within the annual budget as approved by the Board of Trustees.

The Library Director may enter into contracts up to \$5,000 without prior approval, but the Board of Trustees shall be notified of such contracts and expenditures. Contracts or single expenditures exceeding \$5,000 require Board approval. For single expenditures over \$25,000, the Library will seek at least three competitive proposals to ensure responsible use of funds. Exceptions may be made by the Board and in the instance when a specialized service provider has already been selected for reasons of quality, continuity, or expertise; in such cases, the Director must seek Board approval before proceeding.

The purchase of library supplies and materials is managed by the Library Director and/or their designee. The Library Board of Trustees expects that all supplies and materials purchased have been priced by staff

and that every effort has been made to identify the most cost-effective vendor. All purchases made by designees must be approved by the Library Director.

Disbursements

The Library Director is responsible for reviewing and approving invoices for payment and ensuring that expenditures are consistent with the Library's approved budget. The Library Director and Assistant Library Director prepare a weekly report of bills to be paid and assign the appropriate budget codes.

This report is submitted to the Library's external bookkeeper, who processes payments and maintains the official accounting records.

All expenditures must comply with the Library's policies regarding purchasing, bidding, and contracts. The Board of Trustees will be informed of significant expenditures as outlined in those policies.

Payroll

Library employees record their hours using the Library's designated time clock system. The Library Director reviews and approves all employee hours and prepares a bi-weekly payroll report.

The approved payroll report is submitted to the Library's external bookkeeper, who is responsible for processing payroll, issuing payroll checks, and maintaining payroll records. The bookkeeper also ensures payroll is administered in compliance with applicable tax and reporting requirements.

Credit Card Use

The Library Director and Assistant Library Director may be issued Aldrich Public Library credit cards with approval from the Board of Trustees. The list of staff credit cards and spending limits shall be documented by library administration. Each card shall only be used for appropriate Library business, and all uses shall be properly documented. Following reconciliation, Library Administration will send all receipts and budget coding to the Library Bookkeeper. Library credit cards shall not be used for personal expenditures.

Staff Reimbursement

All staff reimbursements are overseen and approved by the Library Director. Reimbursements must comply with the Library's policies and procedures and require the Library Director's approval prior to the purchase whenever possible. Proper documentation, including receipts or invoices, must be submitted to support all reimbursement requests.

Petty Cash

The Library shall maintain petty cash to be used only for items that are impractical to purchase with a credit card or check. All petty cash purchases will be verified against appropriate receipts. All petty cash requests from Library staff must be approved by the Library Director and may not exceed \$100.

Operations Income

The Library receives limited operating income through certain library services, programs, and sales.

Sources of operating income may include, but are not limited to, patron purchases through the Adopt an Author program, library fines and material replacement costs, copying and printing fees, non-resident library card fees, and the sale of library-related merchandise, local books, and small technology items such as computer headphones, USB drives, and 3D prints.

All operating income collected by the Library will be processed through the Library's cash register system and deposited into the Library's General Fund in accordance with established financial procedures.

Unemployment Insurance Fund

The Board of Trustees has designated an Unemployment Insurance Fund, which is held and maintained within the Library's investment accounts.

This fund is designated to ensure compliance with applicable federal and state unemployment laws and regulations. The Board, with oversight from the Finance Committee, monitors the fund's balance and use to ensure it is available for unemployment-related obligations. Disbursements from the fund must comply with all legal requirements and be properly documented.

Reporting Suspected Fraud or Loss

- Any employee, volunteer, or trustee who suspects fraud or loss must report concerns immediately to the Library Director.
- If the concern involves the Director, the report should be made directly to the Board Chair.
- Any report made is confidential. Retaliation against any individual who makes a report is strictly prohibited.
- The Director (or Board Chair, if appropriate) will initiate an impartial investigation as soon as possible.
- The Director (or Board Chair, if appropriate) may involve the Treasurer, external bookkeeper, auditors, or law enforcement, depending on the nature and severity of the incident.
- All parties involved must cooperate fully.
- Every effort will be made to respect the confidentiality of all parties.
- Documentation of findings, evidence, and outcomes will be maintained.

Insurance Coverage

The Aldrich Public Library is committed to maintaining adequate insurance coverage to protect the Library's assets, staff, and patrons. To that end:

1. The Library shall maintain appropriate insurance coverage to safeguard its operations and property.
2. The Library's insurance portfolio shall include, but is not limited to:
 - Business Owners Policy (BOP)
 - Professional Liability Insurance
 - Worker's Compensation Insurance
 - Cyber Liability Insurance
3. Insurance coverage shall apply to all Library-owned properties and operations at both the Main Library and the York Branch.
4. The Library Board of Trustees shall annually (or periodically) review all insurance coverage to ensure it remains adequate, current, and in alignment with the Library's risk exposure.

All insurance matters shall be managed in consultation with the Library Director and, as appropriate, external insurance advisors or brokers.

Donations and Gifts

The Aldrich Public Library may accept contributions of books and other materials that enhance the Library's collection or are appropriate for resale. The Library may also receive other forms of support, including monetary gifts and contributions to the Library's endowment. The acceptance, management, and acknowledgment of all gifts and donations shall be conducted in accordance with the Library's Gifts and Donations Policy, which provides detailed procedures and guidelines.