

INDIAN PRAIRIE PUBLIC LIBRARY DISTRICT

FINANCIAL POLICY

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## FINANCIAL POLICY

900 - It is the policy of the library to be soundly financed at all times; to insure adequately against all risks anticipated, to the extent possible; to protect the residents' investment through adequate controls; to undertake financing at least cost to the district; and to explain the costs and benefits of the library in the simplest financial terms possible.

The library's financial affairs encompass six principal areas: sources of revenue, investment of funds, budgeting, accounting, and expenditures. The responsibility of the Finance Committee is to present recommendations to the board for its approval regarding the development, installation, and operation of plans, practices, and policies in these five principal areas.

## 910 Sources of Revenue

## 910.1 Tax Levy

The board shall levy taxes sufficient to establish, maintain and support high quality library services and facilities. Special assessments shall be considered from time to time as deemed necessary. (75/ILCS 16/35-5, 16/35-25)

## 910.2 Borrowing Funds

## 910.2-1 Buildings and Equipment

As authorized by statute, the trustees may borrow money and execute a mortgage to purchase a site or building; to construct, remodel, or repair or improve a new or existing building or for the purchase of any equipment or materials as is provided in the library's building plan. (75 ILCS 16/40-5, 16/40-25)

## 910.2-2 Tax Anticipation Warrants

When there is insufficient money in the general fund to defray the necessary expenses of the district the Board may issue tax anticipation warrants. (75 ILCS 16/30-105)

## 910.2-3 Issuance of Bonds

With the approval of the majority of voters at a regular election, the Board may issue bonds to purchase a site or building, or to construct, remodel, repair, or improve a new or existing building. (75 ILCS 16/40-10, 16/40-15)

## 910.3 Donations of Money or Property

The Indian Prairie Public Library is grateful for gifts of money, personal property, stocks, bonds and real estate. (See also #1100 Gifts).

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910.3-1 All restricted donations, except commemorative book donations, are subject to the recommendation of the Library Director and the approval of the Library Board of Trustees.

*Any person or persons desiring to make donations of money, personal property, or real estate for the benefit of a library may vest title to the donation in the board of library trustees of the district receiving the donation. The money or property shall be held and controlled by the trustees when accepted according to the terms of the deed, gift, legacy, or bequest of the donation. The board shall be held and considered to be a special trustee of the donated property (75 ILCS 16/30-75).*

910.3-2 Although it is unlikely, there may be an occasion in which the restrictions set by the donor make it impossible for the library to accept the contribution.

910.3-3 Disbursements of donated funds shall be processed in the same manner as other library disbursements consistent with Governmental Accounting & Financial Reporting Principles.

910.4 Sale or Disposition of Property

The Board may sell or dispose of real or personal property no longer useful for library purposes. (75 ILCS 16/30-55.32)

910.5 General Operating Receipts

The library receives money through miscellaneous operating sources including fines, fees, gifts, non-resident card fees, lost library materials, etc. The Board shall provide a schedule of fines and fees for library materials and special services. (75 ILCS 16/30-55.60, 16/30-55.65)

910.6 Grants

Grant funding shall be sought for services, programs, and library facilities providing that grant objectives are compatible with the library's mission strategic plan. Other organizations may seek grant funding on behalf of the Indian Prairie Public Library upon formal approval of the Library Board of Trustees.

920 Investment of Funds

920.1 General Policy: It is the policy of the Library to invest public funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the Library while conforming to all federal, state and local statutes governing the investment of public funds.

920.2 Scope: This policy applies to all funds governed by the Board of Library Trustees.

920.3 Prudence: The standard of prudence to be used by investment officials shall be the "prudent person" standard. Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital, as well as the probable income to be derived.

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- 920.4 Delegation of Authority: Management and administrative responsibility for the investment program is hereby delegated to the Treasurer of the Board of Library Trustees. The responsibility for investment transactions and for the establishment of internal controls and written procedures may be delegated to the Library Director.
- 920.5 Objectives: In selecting financial institutions and investment instruments to be used, the following objectives should be considered in the priority listed:
- 920.5-1 Legality-conformance with federal, state and other legal requirements
- 920.5-1-1 Investments will be made only in securities guaranteed by the U.S. Government, or in FDIC insured institutions including SAIF or the FDIC. Deposit accounts in banks or savings and loan institutions must be collateralized at not less than 100%. Pledged collateral will be witnessed by a written agreement and held by the district or in safekeeping by an independent third party institution in the name of the Library. Acceptable securities for collateral in order of preference: Obligations of the U.S. Government, Treasury Bills, Certificates of Indebtedness, Notes, and Bonds; Obligations of U.S. Government Agencies; Obligations of various states.
- 920.5-1-2 Authorized investments include and will primarily consist of: Certificates of Deposit, Treasury Bills and other securities guaranteed by the U.S. Government, participation in the Illinois Funds Pool, and any other investments allowed under State law that satisfy the investment objectives of the library district.
- 920.5-2 Safety-Protection of Investment Principal. (See also 920.5-1-1 and 920.5-1-2.)
- 920.5-2-1 All security transactions, including collateral for repurchase agreements, entered into by the Library shall be conducted in a manner that ensures safety.
- 920.5-2-2 The Library is required to keep receipts and a written record of all transactions.
- 920.5-3 Liquidity-Maintenance of sufficient liquidity to meet operating requirements. The library's investment portfolio shall remain sufficiently liquid to enable the library to meet all operating requirements that may be reasonably anticipated in any fund.
- 920.5-4 Yield-Return on Investment: Attainment of market rates of return.
- 920.5-5 Diversity of Investments: The library shall diversify its investments to the best of its ability based on the nature of the funds invested and the cash flow needs of those funds.

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- 920.5-6 Maximum Maturities: To the extent possible the district shall attempt to match its investments with anticipated cash flow requirements.
- 920.5-7 Simplicity of Management: The time required by library administrative staff to manage investments shall be kept to a minimum.
- 920.5-8 Local Considerations
- 920.5-8-1 Whenever possible, the district will maintain operating and investment accounts in local financial institutions.
  - 920.5-8-2 Current statements of condition for each financial institution named as depository will be maintained for review. The refusal of any institution to provide such data may serve as sufficient cause for the withdrawal of district funds.
- 920.6 Ethics and Conflicts of Interest: Trustees and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of this investment program, or that could impair their ability to make impartial decisions, or that could give the appearance of impropriety.
- 920.7 Operational Procedures/Internal Control:
- 920.7-1 Investments are perused each month noting when the investments are maturing and what the cash needs are within each fund.
  - 920.7-2 The Director and the Administrative Office Coordinator shall discuss the cash needs within the respective funds and determine investment or reinvestment in accordance to the highest rates and terms available at that time.
    - 920.7-2-1 As permitted by law, the district may pool the cash of various funds to maximize earnings. Investment income will be allocated to the various funds based upon their respective participation.
  - 920.7-3 Investments that comply with this policy will be executed by the signatories between regularly scheduled Board meetings. Action so taken will be presented to the Board for approval at the next regularly scheduled Board meeting.
  - 920.7-4 The Director executes the trades as approved by the Board of Trustees.
  - 920.7-5 No monies from any Library accounts are to be transferred into any accounts other than those accounts belonging to the Library.
  - 920.7-6 Bank confirmations are to be received on all investment transactions and all transfers between funds.

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920.7-7 Receipts shall be deposited in an approved financial institution within two working days (Monday-Friday) of receipt. When deposits are not needed for immediate disbursement, they shall be invested within two working days at prevailing rates or better. (30 ILCS 225/1)

## 920.8 Authorized Financial Dealers and Institutions

920.8-1 Investments will be made with financial institutions who meet the requirements set in this policy.

920.8-2 Should it become necessary to use an investment advisor the Finance Committee shall be responsible for determining the appropriate parameters and making a recommendation to the board as to selection of an investment advisor.

## 920.9 Reporting

920.9-1 The Treasurer shall provide a monthly investment report for the Board of Trustees. The report should be in a format suitable for review by the general public.

920.9-2 Information about investment vehicles will be presented as it is provided by financial institutions.

## 930 Budgeting of Funds

930.1 The Director shall prepare an annual projection of revenue, and a working budget for review by the Finance Committee to be presented to the Board. A budget and appropriations ordinance and a tax levy ordinance will be developed by the Library Director for presentation to the Board as set by law.

930.2 The Director and Treasurer shall establish procedures to fulfill all legal requirements of the budget process.

930.3 The Director and Finance Committee shall monitor the budgets and recommend necessary revisions for board approval.

930.4 The Building and Grounds Committee and/or the Library Director shall recommend a Replacement Schedule for fixed assets and facility maintenance costing \$3,000 or more. Anticipated expenditures will be included in the annual capital budgets.

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## 940 Accounting

- 940.1 The fiscal year shall be July 1st through June 30th. (75 ILCS 15/3-7)
- 940.2 The library maintains fund accounting. Each fund is considered a separate entity. (75 ILCS 15/3-6)
- 940.3 Transactions are recorded in accordance with generally accepted accounting principles as promulgated by the Government Accounting Standards Board.
- 940.4 The Director is responsible for internal controls which shall be reviewed by the Finance Committee on an annual basis.
- 940.5 An annual audit shall be conducted by a C.P.A. (75 ILCS 15/4-10)

## 950 Expenditures

## 950.1 Purchases

- 950.1-1 The procurement of library materials, services, and equipment is the responsibility of the Director who is authorized to enter into contracts for such purchases on behalf of the district subject to the other provisions within this section.
- 950.1-2 No prior board approval is required for purchases of goods or services of \$3,000 or less, for which there is authority in the approved budget.
- 950.1-3 For purchases of at least \$1,000 three quotes shall be secured whenever possible. In some cases this may not be possible depending on the product.
- 950.1-4 Where purchase is required by law to be on the basis of competitive bids the purchase will be made on the basis of the lowest bid or quotation received from a responsible supplier whose product or service meets the bid or quotation specifications and whose record of service indicates a satisfactory contract or order performance. Further, the Board reserves the right to reject any or all bids. (75 ILCS 15/5-9)
- 950.1-5 In the event purchases are made through joint purchasing programs of the Department of General Services, State of Illinois, or other inter-governmental cooperatives the above requirements are waived.
- 950.1-6 Bids or quotations are not required for the following purchases:  
Salaries and wages of employees  
Library materials  
Goods or services which are economically procurable from only one source  
Professional, technical, or artistic skill services  
Maintenance or service contracts for equipment where the work will be best performed by the manufacturer or his authorized agent

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- 950.1-7 In the event that a purchase is deemed to be required by an emergency, as determined by the available officers of the board, a purchase may be made on the basis of a single quotation on such basis as is deemed prudent by available officers of the board in response to the emergency.
- 950.1-8 All advertisements for bids shall be published in a newspaper of general circulation in the Indian Prairie district. Bid notices shall be published at least once at least fourteen days prior to the time set for bid opening.
- 950.1-9 The purchase of any single item of furniture, equipment or materials costing \$5,000 or more will be treated as a capital item purchase. The Library Director is responsible for maintaining an inventory of such items which shall be recorded as fixed assets for GASB 34.
- 950.1-10 Whenever practical, the library will purchase supplies and paper products made of recycled materials as well as items which may be recycled as long as the additional expense does not exceed 10% of the cost of a comparable non-recycled item.
- 950.1-11 Credit card purchases using the Library's credit card
- 950.1-11-1 The following staff are authorized to make credit card purchases using an Indian Prairie Public Library credit card issued in the employee's name: Director, Assistant Director, Administrative Specialist, Resource Services Department Head, Technology Services Department Head, Programming and Outreach Department Head. The Library Director may give permission for a card to be used by another employee. The Board of Trustees and/or the Library Director may revoke a library credit card at any time.
- 950.1-11-2 The Library credit card may be used to purchase items such as supplies, materials, food for library events and programs, equipment and travel expenses, or to pay invoices, provided that the purchases have been authorized in advance by the Library Director.
- 950.1-11-3 Purchases may be made in person, online or by telephone.
- 950.1-11-4 Employees may not charge personal expenses to the Library's account.
- 950.1-11-5 Employees must notify the credit card company and the Administrative Office Coordinator immediately upon loss of a credit card.



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## 950.2 Disbursements

950.2-1 Disbursements are contingent upon available budget appropriations or amendments. (75 ILCS 15/4-15, 4-16)

950.2-2 Disbursements are subject to the following limitations:

950.2-2-1 Disbursements other than payroll must be authorized by the Director and require two of the following check signatures: Board President, Board Vice-President, Board Treasurer, Board Secretary, Library Director.

950.2-2-2 Payroll checks require two of the following signatures: Board President, Board Vice-President, Board Treasurer, Board Secretary, Library Director.

950.2-2-3 Donations From the Library to Organizations or Individuals

Because Indian Prairie Public Library is tax-supported, library funds and/or services may not be donated to support or fund other organizations or individuals. The library may, however, participate in community organizations or activities to promote library services.

950.2-2-4 No payments, including those for credit card charges, may be made by telephone.

950.2-3 Suitable documentation and controls shall be provided for all expenditures, and in their absence, the Board shall be apprised of the reason for an expenditure and formal board approval obtained. All expenditures, including wire transfer payments, must be documented in monthly reports to the Board of Trustees.

950.2-4 The Director shall present a monthly financial report and list of bills for approval to the board. One Trustee, as assigned on a rotating schedule, will review the bills, checks, and documentation before each board meeting.

950.2-5 Bills will be paid promptly to avoid interest and late fee charges and to comply with the Local Government Prompt Payment Act. (75 ILCS 16/30-55.12)

950.2-6 The district shall publish an annual statement of receipts and disbursements. (30 ILCS 15/1, 15/2, 15/2.1, 15/3, 15/3a, 15/4, 15/4a, 15/5, 15/6)

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## 960 Conflict of Interest

No Board member shall be interested, directly or indirectly, in his own name or in the name of any other person, association, trust or corporation, in any contract, work or business of the library, or in the sale of any article, whenever the expense, price or consideration of the contract, work, business or sale is paid either from the treasury or by any assessment levied by any statute or ordinance. No Board member shall be interested, directly or indirectly, in the purchase of any property which (1) belongs to the library, or (2) is sold for taxes or assessments, or (3) is sold by virtue of legal process at the suit of the library.

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