

Peru Public Library

Financial Plan (incorporating a financial policy with procedures)

Introduction

The Board of Trustees of the Peru Public Library has exclusive control over all aspects of the library's finances, from determining the monetary amount required to controlling all expenditures. To help fulfill this responsibility, the library board adopts this financial plan to support the library's mission and goals, to ensure fiscal accountability and to comply with laws and ordinances. This plan incorporates a policy with procedural elements.

The board manages the revenues and expenses in a fiscally responsible manner with the library goal of meeting community needs while maintaining adequate financial reserves and planning for future expenses.

The Peru Public Library's adopted budget is developed as a cooperative process between the board treasurer, the Library Director, and appropriate staff members prior to its annual board adoption in February.

- The board delegates to the Library Director the daily fiscal operations of the Peru Public Library.
- The board delegates to the City of Peru the issuing of checks/payments. These payments are made after board action authorizes payment. The library board reserves the ability to directly issue payments as necessary.

In order to be fiscally responsible, the Peru Public Library uses FDIC insured accounts for its funds.

Library Income

The library's income is predominately local property taxes, with some revenue deriving from fines¹, fees², grants³ and donations. As possible, the library uses direct deposit for receipts of local taxes and state grants. Other grants funds are immediately deposited upon receipt. Incoming fine, fees and donation funds are deposited weekly.

Annually, the library board supplies the library's budget request to the City of Peru for inclusion in the city's budget. The library request is board adopted and submitted in late summer.

¹ Fines are a fee charged to patrons when they have kept borrowed material past its due date.

² Cost recovery fees are charged to defray the cost of some services, such as photocopying, printing or damaging library property. In rare instances, the library might charge a cost recovery fee for a program.

³ Grants are used for non-budgeted purchases and/or special projects.

Annually, the library board authorizes the Library Director to seek applicable and appropriate grants to supplement the library's income. Such grants include, but are not limited to, Per Capita, Illinois Valley Network Users Association, Starved Rock Reading Council, Target, etc. Grant funds and any matching funds are only used in accordance with the grant's requirements.

The library's Working Cash Fund is deposited into multiple certificates of deposit to meet FDIC-insurance levels and to allow for access as needed. The interest earned on the Working Cash certificates of deposit is added to the library's general fund for the support of the library. Should the library need to access the Working Cash principal, the amount withdrawn will be repaid in four equal payments.

Library Expenditures

The library's expenditures are predominately operational, building, insurance and personnel, with a varying proportion in capital development. Restricted funds are spent within the scope of the agreed restriction. Non-restricted funds are spent within the guidelines of the budget.

The library prudently uses library funds to purchase material, services and supplies at the lowest responsible price, using discounts and group purchases as possible. All purchases are documented.

Reports and Records

On a monthly basis, the Library Director presents written reports on library operations to the Board of Trustees. These reports include information on finance, library usage, matters of personnel, collection development, and programming in addition to other relevant and pertinent information.

The financial reports indicate the financial position of the library with the current status of each budgetary line item including budgeted amount, receipts, monthly and year-to-date expenditures and remaining budget anticipations.

While the library is not required to have an independent CPA audit, the library participates in the city's annual audit.

Routine Banking Procedures

The Library Director of the Peru Public Library is authorized to make deposits into appropriate library accounts. Such deposits include, but are not limited to, the deposit of accumulated fees and fines, gifts, donations, grants and tax receipts. As possible, the library uses direct deposit for receipt of tax and grant revenues.

The Library Director of the Peru Public Library is authorized to transfer funds from one library account to another library account for payment of monthly library bills which have been approved by the Board of Trustees. Additionally, the Library Director is authorized to sign checks or receive cash from library accounts when the Board of Trustees authorizes such action.

Such checks have signature from two of these three; board treasurer, Library Director or board president. If a board meeting does not have a quorum to approve bills, the Library Director is authorized to pay regular, ongoing bills with board acknowledgement made at the next regular board meeting.

Authority to Spend

The Library Director is authorized to make all necessary and reasonable purchases for the library. The Library Director may delegate library-related purchases to appropriate staff members, such as the children's manager ordering juvenile books or the custodian ordering building supplies.

The Library Director of the Peru Public Library is authorized to spend:

- up to \$5,000.00 on any single item without prior board approval
- between \$5,001.00 to \$19,999.00 on any single item only with the approval of the full board without a formal bid
- in excess of \$20,000.00 only after completing the formal bid process as described the Illinois Compiled Statutes
- in case of extreme emergency up to \$12,000.00 with the approval of two library board officers

The Peru Public Library has a credit card for library-related expenses and purchases. The Library Director determines which staff members are issued a card on the account. Only library-related expenses and purchases may be charged to the credit card account. Any use of the assigned credit card must be accompanied by applicable documentation submitted to the Library Director for approval.

Friends and Reimbursement

For better accountability and recordkeeping, the library is reimbursed by the Friends group for pre-determined expenses such as programming supplies. Requests for library reimbursement by the Friends must be accompanied by documentation and library director approval.

Investment of Public Funds

All investments of the Peru Public Library are in accordance with Illinois law. The authority of the Library Board of Library Trustees to control and invest public funds is defined in the Illinois Public Funds Investment Act. Administration and execution of these policies are the responsibility of the Board Treasurer, and, by designation, the Library Director acting under the authority of the Library Board of Library Trustees. Investments, fund balances and the status of such accounts are reported at each regularly scheduled meeting of the Library Board.

In selecting financial institutions and investment instruments to be used, the following general objectives are considered:

- Investments will be made only in securities guaranteed by the U.S. government or in FDIC or FSLIC insured institutions. Deposit accounts in banks or savings and loan institutions will not exceed the amount insured by FDIC or FSLIC coverage.
- 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 State of Illinois Public Treasurer's Investment Pool, and any other investments allowed under state law that satisfy the investment objectives of the library.
- Maintenance of sufficient liquidity to meet current obligations in general, investments should be managed to meet cash reserve needs as listed elsewhere in this plan.
- Within the constraints of Illinois law and this investment policy, every effort will be made to maximize return on the library's investments. All available funds will be placed in investments or kept in interest-bearing deposit accounts at all times.
- The time required by library administrative staff to manage investments shall be kept to a minimum.

Indemnification and Insurance

The Peru Public Library bonds or insures the Library Director, trustees and applicable staff in accordance with the Illinois Compiled Statutes.

Supplemental Services Fund

The library's supplemental fund is based on donations, memorials and bequests. Supplement Services Fund monies may be used for special projects, such as matching funds for grants and major renovations, expansions of the library building or as determined by the library board.

Cash Reserves

In order to financially provide continuous library service to the residents of Peru, the goal of the Library Board is to have on hand liquid or cash reserves amounting to one-third of the prior year's tax revenue minus the working cash fund.

Building Reserve Fund

The Peru Public Library board established a Building Reserve Fund at its (insert date) board meeting, under 75 ILCS 5/4-7(16) and 75 ILCS 5/5-8. Unused funds from the library's Building & Maintenance Fund may and will annually be transferred into the Building Reserve Fund at the end of fiscal year.

The library's Building Reserve Fund Plan is attached.