

## **MNG-4: Financial Policies**

### **MNG-4.1: Financial Reporting and Auditing**

The Board will follow the most current revisions Illinois Library Administrative Code Rules, 23 IL Section 3030.90 Finances and Records.

- A. The fiscal year shall begin on May 1 and end on April 30, in keeping with the Village's fiscal year.
- B. The Library shall:
  - a. Maintain all financial records at the Library and Village Hall.
  - b. Cause an annual audit of the records of the Library for the preceding fiscal year to be made by an independent certified public accountant. The certified public accountant shall be guided by the most current edition of the "Government Auditing Standards ", published by the Comptroller General of the United States, U.S. General Accounting Office, 441 G. Street, NW, Washington, DC 20548. The material incorporated by reference includes no later amendments or editions.
  - c. Account for all funds of the Library by expenditure, encumbrance or reserves within three calendar months of the end of each year.
  - d. Adopt, prior to May 1 of each year, an annual budget for the ensuing fiscal year in a form prescribed by the Illinois State Library. The annual budget shall be submitted to the State Librarian as part of the annual Plan of Service.
  - e. Maintain an inventory of all equipment purchased.
  - f. Ensure that all accounts for the Library are organized on the basis of funds (Governmental Funds, Proprietary Funds and Fiduciary Funds). The adopted budget and revenue-expenditure reports of the Library shall be created on this same basis of account/fund structure.
  - g. Ensure that financial reports are submitted to the State Librarian as required.

### **MNG-4.2: Authority to Spend**

The Library Director is authorized to spend up to \$5,000 on any single item without prior Board approval.

The Library may spend in excess of \$20,000.00 only after completing the formal bid process as required by Illinois law for certain types of expenditures.

In case of extreme emergency, the Library Director may spend \$2,000 in addition to \$5,000 with the approval of any two Library Trustees .

### **MNG-4-3: Routine Banking Procedures**

The Library Director of the Lake Bluff Public Library or designee 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.

The Library Director of the Lake Bluff 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.

### **MNG-4.4: Investment of Public Funds**

PURPOSE. The purpose of this policy statement is to outline the responsibilities, general objectives, and specific guidelines for management of public funds by the Library.

RESPONSIBILITIES. All investment policies and procedures of the Library will be in accordance with Illinois law. The authority of the Board to control and invest public funds is defined in the Illinois Public Funds Investment Act, and the investments permitted are described therein. Administration and execution of these policies are the

responsibility of the Treasurer, and, by designation, the Library Director acting under the authority of the Board. Investments, fund balances, and the status of such accounts will be reported at each regularly scheduled meeting of the Board.

**OBJECTIVES.** In selecting financial institutions and investment instruments to be used, the following general objectives should be considered:

- A. Safety
- B. Maintenance of sufficient liquidity to meet current obligations
- C. Return on investment
- D. Simplicity of management
- E. Strive for an annual target of 10% or a minimum of \$20,000 to a Capital Reserve Fund

**GUIDELINES.** The following guidelines should be used to meet the general investment objectives:

- A. Safety
  - 1. 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.
  - 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 State of Illinois Public Treasurer's Investment Pool, and any other investments allowed under State law that satisfy the investment objectives of the Library.
- B. Maintenance of sufficient liquidity to meet current obligations  
In general, investments should be managed to meet liquidity needs for the current month plus one month (based on forecasted needs).
- C. Return on investment  
Within the constraints on Illinois law and this investment policy, every effort should be made to maximize return on investments made. All available funds will be placed in investments or kept in interest bearing deposit accounts at all times.
- D. Simplicity of management  
The time required by the Treasurer and Library Director to manage investments shall be kept to minimum.

#### **MNG-4.5 General Reserve Fund**

The unexpended balances of the proceeds annually received in excess of the amount budgeted will remain part of the Library's General/Operating Fund. These General Reserve Funds can be added to the Library budget in future years.

The Library will strive not to exceed a total of 75% of its Annual Operating Budget in General Reserve unless the Board of Library Trustees has determined to accumulate funds for a specific project or project(s) and does not yet know the cost or nature of the projects. If such is the case, the Library will make all reasonable good faith efforts to account for its intent within its Financial Reports, both annually and monthly, to the residents of the Village of Lake Bluff.

If the total money present within the General Reserve Fund exceeds 75% of the library's Annual Operating Budget without a specific purpose having been set, the Board of Library Trustees will take appropriate action to reduce the General Reserve Fund below 75% and adjust the Library's Annual Levy and Operating Budget to prevent future unnecessary accumulation of funds.

Funds not to drop below 25% of the current Annual Operating Budget will be kept in the General Reserve in case of an emergency.

General Reserve Funds can be invested in longer term, less accessible, higher yield Bonds, Treasury Bills, etc. according

to the laws of the State of Illinois, the guidelines provided within MNG-4.4, and the best judgment of the Board of Library Trustees.

#### **MNG-4.6: Gifts and Donations**

SUMMARY: The Lake Bluff Public Library actively encourages gifts and donations that will help the Library better serve the needs of the community.

RESPONSIBILITIES: All donations and gifts to the Library are subject to applicable Illinois statutes and laws as well as Library policy and procedure. This includes policies relating to the selection and provision of access to books and other resources. The Library, through the Board or the Board's delegated authority, makes the final decision on the acceptance, use, or other disposition of gifts and reserves the right to decide any conditions of display, housing, or access.

#### TYPES OF GIFTS:

- BOOKS AND OTHER LIBRARY MATERIALS: The Library Director or designee is authorized to accept or decline donations of books, recordings, and other library materials or resources. All donated books and other circulating materials become property of the Lake Bluff Public Library for use at its discretion. Donated materials may be sold, added to the collection, or otherwise handled as determined by Library policy and procedure.
- GIFTS IN KIND: Gifts of furniture, paintings, statuary, and other articles may be accepted by the Board or designee. Any conditions attached to the proposed gift will be considered by the Board. Any conditions that are not in keeping with the Library's policies or service goals may provide a basis for further negotiation with the donor or for the rejection of the gift.
- MONETARY GIFTS: The Library accepts monetary gifts as follows:
  - UNRESTRICTED GIFTS: Monetary gifts given for use at the Library's discretion may be accepted by the Director, and are deposited in the Library's General Fund. Any unexpended funds will be added to the Library's General Reserve Fund at the end of the fiscal year.
  - RESTRICTED GIFTS: Monetary gifts given for a specific purpose, including honorariums and memorials, may be accepted by the Library Board or designee. The Library Director or designee will work with donors to ensure that the money is expended in keeping with restrictions on the donation and in a manner consistent with the Library's mission, but reserve the right to refuse the gift if the restriction is not in accord with the Library mission. Remaining funds will be added to the budget expense line of the donor's choice, and will be added to General Reserve at year's end if unexpended at that time.
  - NAMING RIGHTS: Monetary gifts in exchange for naming rights and sponsorships may be accepted by the Board or designee. The Board shall consider scope, duration, policy, and mission statement for all naming rights.
  - GIFTS FROM WILL OR BEQUEST: Monetary gifts received from a will or bequest may be accepted by the Library Board and will be used as directed by the donor, subject to Library policy and procedure. If received without restrictions, the funds may be used as approved by the Board. The Board will consider whether separate bank accounts and budget lines will be created to monitor the funds.
- GIFTS OF SECURITIES: Marketable securities received as gifts may be accepted by the Board. Such securities will be sold or held at the discretion of the Board, and the net proceeds used as directed by the donor. Use of funds is subject to Library policies and procedures, and funds received without restrictions may be used as approved by the Board. Gifts offered to the Library consisting of securities which are not readily marketable will be submitted to the Board for a decision as to acceptability.

ACKNOWLEDGEMENT AND TAX RECEIPT: The Lake Bluff Public Library is a unit of local government under Chapter 170(c) of the Internal Revenue Code, and as such, gifts made to the Library are tax deductible. The Library issues receipts for tax purposes upon request, and letters acknowledging gifts are sent by the Library Director or designee. While the estimated value of non-monetary gifts may be a factor for consideration in their acceptance, neither the Library staff nor the Board will issue a written or verbal statement of monetary value to the donor. Any letter of acknowledgement or tax receipt will provide a description of the gift and its apparent condition.

PUBLICITY: Subject to disclosure as may be required by Illinois law, the names of people making donations to the Library will not be released or used without consent.