

# XVI. Financial Policies

## XVI-A: Budget and Purchasing Policies

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The Mahomet Public library has a board-approved written budget. This budget is developed annually as a cooperative process between the board's finance committee, the library director, and additional staff members with responsibility for budgetary elements. Each year, the board of trustees determines if the library's revenues are adequate to meet the needs of the community. If the revenues are not adequate to meet the needs of the community, the board of trustees will take action to increase the library's revenue.

### Purchasing Policy

The State of Illinois statutes govern purchases of the library district. In addition to any statutory requirements, it is the policy of the library board of trustees to use the most responsible business practices in its purchases. It is the policy that all purchases, contracts, and expenditure of funds over \$25,000 shall be awarded to the lowest responsible bidder considering conformity with specifications, terms of delivery, quality, and serviceability. However, bidding is not required in the following cases:

- Where the services required are for professional skills,
- In emergencies involving public health, public safety, or where immediate expenditure is necessary,
- Where the contracts for the maintenance or servicing of equipment are made with the manufacturers or authorized service agents of that equipment,
- Where the goods or services are procured from another governmental agency,
- Where purchases or contracts are for the use, purchase, or installation of data processing software, or
- For contracts which by their nature are not adapted to award by competitive bidding, such as contracts for printing, tax anticipation warrants, and other evidences of indebtedness, or contracts for utility services such as water, light, heat, or telecommunications.
- For emergency expenses, with approval from at least  $\frac{3}{4}$  of the board of trustees.

Library staff, as required by board directive, shall seek bids (or quotations if bids are not specifically required) from the widest possible array of providers that time permits. This practice will produce the most competitive offers and terms available from the widest number of interested firms or individuals.

Under normal circumstances, for purchases or services costing \$10,000-\$25,000 the director will obtain three quotations except as indicated by the board. When the library has an existing relationship with a vendor that is exemplary, the library may continue the relationship with that vendor without seeking further quotes.

### Authority to Spend

- The library director is authorized to spend up to \$5,000 on any single item without prior board approval.
  - The library director is authorized to spend \$5,001- \$10,000 on any single item with the approval of the board's finance committee.
  - The library director is authorized to spend \$10,001- \$25,000<sup>[1]</sup> on any single item only with the approval of the full board.
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- The library may spend in excess of \$25,000 only after completing the formal bid process as described in Illinois law.
- In an extreme emergency, the library director may spend \$5,001-\$25,000 with approval of any two library board members so long as the amount does not exceed the threshold requiring a formal bidding process.

<sup>[1]</sup>This is the statutory maximum amount that cannot be exceeded without completing the formal bid process as described in Illinois law.

## XVI-B Reimbursement for Travel Expenses

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Employees and trustees are eligible for reimbursement for travel expenses related to attending training classes, library-related meetings, and professional conferences. The travel event must be approved in advance:

- By the library director, for all employees;
- By the library board of trustees, for travel by the library director that exceeds the maximum allowed travel cost;
- By the library board of trustees, for all travel by members of the board of trustees.

The library uses the per diem rates established by the following governmental agencies to determine the maximum reimbursement rates for food, lodging and incidentals:

- The GSA (General Services Administration) for travel in the continental United States.
- The Department of Defense for travel to Alaska, Hawaii, and US Territories and Possessions.
- The State Department for foreign travel.

Expenses that are expected to exceed these levels must be approved ahead of time.

### Transportation Expenses

Travelers are expected to use the most cost-effective means of transportation available.

- **Personal Car.** The use of a personal car will be reimbursed at the current IRS mileage reimbursement rate.
- **Air, Train, or Bus Travel.** Tickets for air, train, or bus travel must be approved before purchase.
- **Car Rental.** Car rental reservations must be approved before travel. If the traveler intends to extend the trip beyond the business purpose and use the rental car for personal travel, the portion of the expenses that will be reimbursed must be approved before travel.
- **Tolls, Parking, Taxis, and Taxi Alternatives.** Tolls and parking related to the trip will be reimbursed at actual cost. Taxi and taxi alternatives will be reimbursed with receipts or other proof of payment and explanations of the business-related purposes for the rides.
- **Parking Tickets, Moving Violations, and Accidents.** The driver will be responsible for all parking tickets, moving violations, and accidents.

### Lodging Expenses

Employees other than the director must approve lodging reservations with the director prior to travel. All travelers (employees or trustees) must have approval by the board of trustees for lodging that exceeds the maximum per night cost established by the board.

When employees travel together, room sharing is preferred, but this requirement may be waived at the discretion of the director.

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## **Meals**

Travelers who stay overnight will qualify for meal reimbursements at the per diem rate established by the board of trustees.

## **Travel Advances**

Employees may request travel advances to cover trip expenses, to be approved by the director. Travelers are responsible for keeping accurate records and receipts and returning any unused portion of the advance.

## **Requesting Reimbursement**

To receive reimbursement for travel expenses, travelers must complete the Travel Reimbursement Form and attach receipts for all expenses. (Mileage claims may be documented by an online map application such as Google Maps.)

# **XVI-D: Cash Management Policy**

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## **Roles and Responsibilities**

### **Board of Trustees**

The Board of Trustees is responsible for the financial oversight of the library, including approving the annual budget, tax-related ordinances and tax levy; hiring auditors to conduct the annual financial audit; and creating financial policies.

### **Finance Committee**

The library board president shall appoint at least two trustees, including the board treasurer, to serve as members of the finance committee. The finance committee's responsibilities include, but are not limited to, the following:

- Establishing library checking and savings accounts as necessary.
- Maintaining oversight of investment accounts in accordance with Illinois Law and the library's policy on Investment of Public Funds. The library board may delegate administrative responsibility for the investment program to the library director. One or more members of the finance committee may be consulted by the library director regarding specific investment choices.
- Reviewing monthly financial reports and check registers and verifying that transfers have been made as authorized.
- Reviewing monthly investment reports.
- Participating in the budgeting process by reviewing the library's draft budget with the library director and business manager and making budget recommendations to the full board.
- Reviewing tax-related ordinances and the annual tax levy and making recommendations to the full board.
- Reviewing budgets related to capital projects.
- Accessing the library's safe deposit box as needed.

### **Library Director**

The library director is responsible for drafting the annual budget for board approval, ensuring that library revenues and expenses follow the board-approved budget, drafting the annual tax-related ordinances and tax levy, keeping the board informed of the library's financial position, and performing other financial duties as delegated by the board of trustees.

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## **Business Manager**

The business manager assists the library director by maintaining financial records and reports, creating financial projections, preparing the annual tax-related ordinances and tax levy, providing information and support for the library's auditors, and performing other financial duties as delegated by the library director.

## **Financial Planner**

The library board employs a certified financial planner to maximize investment of the library's reserves.

## **Signing Authority**

The board of trustees authorizes the issuance of checks for payment of goods or services upon the signature of the board treasurer, or in the treasurer's absence, one of the other authorized trustee signers. Checks for more than \$3,000 require two signatures. Authorized signers include the board president, vice president, and treasurer. The same persons are authorized signers for bank transfers and investment accounts.

The library director and the business manager may access regular bank accounts online, but they are not authorized to modify, add, or delete data or to initiate transactions.

The library board authorizes the library director to submit quarterly state and federal income tax returns and the employer's contribution and wage reports to the Illinois Department of Employment Security (IDES). The library director is designated as the library's Illinois Municipal Retirement Fund (IMRF) authorized agent.

## **Routine Banking Procedures**

The library director of the Mahomet 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.

The library director is authorized to transfer funds from one library account to another library account for payment of monthly bills that have been approved by the board of trustees.

The library director is not authorized to sign checks or receive cash from library accounts except when the board of trustees authorizes such action through the approval of checks to reimburse petty cash.

## **Cash Management Controls**

Accounting duties are performed in a private office in the library. Blank checks are stored in a locked cabinet in the business office and access is limited to the business manager and the library director.

## **Segregation of Duties**

### **Checks and Automatic Payments**

- The director reviews every bill and invoice and indicates the budget line item to which it applies.
  - The business manager enters the bills into the accounting software, prints the checks or pays bills online, and prepares the biweekly treasurer's packet.
  - The treasurer or other board member with signing authority reviews the treasurer's packet, signs the checks, places them in envelopes, and puts them in the outgoing mail.
  - The business manager prepares a list of checks and payments made during each month.
  - At the regular monthly meeting, the full board reviews the payment register for the preceding month.
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### **Credit Card Payments**

- The library director and the youth librarian hold library credit cards in their names. The library director may allow other staff members to use the card, but the director is responsible for ensuring that the transactions follow the library's purchasing guidelines.
- The business manager reconciles the credit card statements and the library director reviews the reconciliations and all transactions before approving the payment of the credit card bills.
- The business manager pays the credit card bills online, enters the transactions into the accounting software, and includes the reconciled statements and the payment receipts in the biweekly treasurer's packet.

### **Receipts**

- The business manager and another employee count the weekly cash receipts.
- The business manager prepares all cash deposits and enters the information into the accounting software.
- The library director takes cash deposits to the bank.
- The business manager prints credit card receipt reports and enters the information into the accounting software.
- The business manager enters property tax receipts (deposited into the library's accounts by the county treasurer) into the accounting software.
- The business manager includes all deposit records and a summary report from the accounting software in the biweekly treasurer's packet.
- The treasurer or other board member with signing authority reviews all deposits.

### **Bank Accounts**

- The library director reviews the bank statements each month.
- The business manager reconciles the bank statements in the accounting software.

### **Online Accounts**

The library maintains an online PayPal account for the purpose of receiving credit card payments from patrons. The library director and business manager have access to this account.

At least monthly, money must be moved from the PayPal account into the library's regular checking account so that the PayPal account balance does not exceed \$1000 at the end of the month.

### **Investments**

Policy XVI-E, Investment of Public Funds, specifies that all investment policies and procedures will be in accordance with Illinois Law. The policy delegates responsibility for the investment program to the board treasurer or by designation the library director.

- The board of trustees authorizes an investment consultant to manage the investment of the library's reserves.
  - The advisor recommends the opening or closing of investment instruments within the guidelines of the library's investment policy.
  - The library director approves recommendations from the advisor.
  - The advisor initiates changes to investments and records investment activity in monthly investment reports.
  - The business manager enters changes to investments into the accounting software. On a quarterly basis, the business manager updates the value of each investment in the accounting software to match the most recent investment report.
  - The library board reviews the monthly reports at their regular board meetings.
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## Record Keeping and Reporting

On a monthly basis, the library director presents written reports on library operations to the board of trustees. These reports cover finances, library usage, matters of personnel, collection development, programming, and any other relevant and pertinent information.

The library maintains adequate records of library operations in a manner easily understood by the public, the board of trustees, and the library director. This record of library operations is presented at each board of trustees monthly meeting and clearly indicates the general financial position of the library and the current position of each budgetary line item, including total budgeted amount, monthly and year-to-date receipts and expenditures, and remaining budget.

## XVI-E: Investment of Public Funds

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### Responsibilities

All investment policies and procedures of the Mahomet Public library District will be in accordance with Illinois Law. The authority of the library board of trustees to control and invest public funds is defined in the Illinois Public Funds Investment Act [30 ILCS 235] and the investments permitted are described therein. Administration and execution of these policies are the responsibility of the treasurer, who is hereby designated as the chief investment officer of the library, acting under the authority of the board of trustees.

### Delegation of Authority

Management and administrative responsibility for the investment program is hereby delegated to the chief investment officer. The chief investment officer, and by designation, the library director, are responsible for establishing internal controls and written procedures for the operation of the investment program.

### “Prudent Person” Standard

All library investment activities shall use a “prudent person” standard of care. This standard shall be applied in the context of managing an overall portfolio. It specifies that 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. The portfolio is not for speculation, but for investment, considering the probable safety of the capital, as well as the probable income to be derived. Investment officers, acting in accordance with their policy and the written procedures of the library, and exercising due diligence, shall be relieved of personal responsibility for a security’s credit risk or market price/value changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

### Objectives

In selecting financial institutions and investment instruments to be used, the following general objectives should be considered in the priority listed:

- **Legality.** Conforming with all legal requirements
  - **Safety.** Preserving capital and including diversification appropriate to the nature and amount of the funds
  - **Liquidity.** Maintaining sufficient liquidity to meet current obligations and those reasonably to be anticipated
  - **Yield.** Attaining a market rate of return on investments
  - **Simplicity of management.**
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## **Legality and Safety**

- Investments will be made only in securities guaranteed by the U.S. government or in FDIC insured institutions, including SAIF of the FDIC. Deposit accounts in banks or savings and loan institutions will not exceed the amount insured by FDIC coverage (unless adequately collateralized pursuant to Regulations of the Federal Reserve regarding custody and safekeeping of collateral).
- Authorized investments include and will primarily consist of Certificates of Deposit, Treasury Bills and other securities guaranteed by the U.S. Government, and any other investments allowed under State law that satisfy the investment objectives of the library district.

## **Liquidity**

In general, investments should be managed to meet liquidity needs for the current month plus one month (based on forecasted needs) and any reasonably anticipated special needs.

## **Yield**

Within the constraints of Illinois law, considerations of safety, 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.

## **Simplicity of Management**

The time required by library administrative staff to manage investments shall be kept to a minimum.

## **Reporting**

Investments, fund balances, and the status of such accounts will be reported at each regularly scheduled meeting of the library board and at least quarterly include information regarding securities in the portfolio by class or type, book value, income earned, and market value as of the report date. At least annually, the chief investment officer shall review this policy for any needed modifications and report to the board on the investment portfolio and its effectiveness in meeting the library's need for safety, liquidity, rate of return, diversification and general performance. These reports will be available to the general public upon request.

## **Internal Controls**

In addition to these guidelines, the chief investment officer, and by designation, the library director, shall establish a system of internal controls and written operational procedures designed to prevent loss, theft or misuse of funds.

## **Authorized Financial Dealers and Institutions**

Any investment advisors, money managers, and financial institutions shall be considered and authorized only by the action of the board of library trustees upon the recommendation of the chief investment officer. The chief investment officer will maintain a list of financial dealers and institutions authorized to provide investment services.

## **Conflict of Interest**

Officers and employees involved in the investment process shall refrain from personal business activities that might 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.

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# XVI-F: Post-Issuance Compliance Policy for Tax-Exempt Government Bonds

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The Mahomet Public library District has established this policy to ensure compliance with applicable federal and state regulations governing tax-exempt bonds, including those established in the Internal Revenue Code.

## **Responsibilities**

The library board of trustees is responsible for ensuring compliance with all regulations regarding the use of funds received through tax-exempt bonds. The board assigns responsibility for developing and executing procedures to support compliance to the library director and appropriate library staff.

## **Post-Issuance Compliance Procedures**

The library director will establish procedures and assemble all relevant documentation and records to ensure post-issuance debt compliance. At a minimum, these procedures will address:

- Proper and timely use of bond proceeds and bond-financed property.
- Arbitrage yield restriction and rebate.
- Timely reports and filings in response to federal or state requirements.
- Maintenance of proper records related to bonds and the investment of bond proceeds.
- All other responsibilities related to general post-issuance compliance.

The library director will apply the post-issuance compliance procedures to each qualifying obligation and maintain the appropriate records. Further, the library director will ensure that the policy and procedures are updated as needed.

## **Training and Support**

The library director is authorized to expend funds as needed to send staff for training, acquire educational resources, or seek the assistance of bond counsel or consultants to ensure the library maintains post-issuance debt compliance.

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