

**FINANCIAL POLICIES AND PROCEDURES
STREATOR PUBLIC LIBRARY
STREATOR, ILLINOIS
(Revised November 30, 2022)**

Purpose

The policies and procedural guidelines are designed to:

- protect the assets of the Library
- ensure the maintenance of the Library's financial activities
- provide a framework of operating standards and behavioral expectations, and
- ensure compliance with federal, state and local legal and reporting requirements

Exceptions to written policies may only be made with the prior approval of the Board of Trustees. Changes or amendments to these policies may be approved by the Board of Trustees at any time. Personnel with financial responsibilities are expected to be familiar with and operate within the parameters of these policies.

A complete review of the policies shall be conducted every two years by the Board of Trustees and the Library Director to make sure that they are in compliance with state law and best practices.

Budget

The Streator Public Library has a board-approved written budget. The budget is developed annually as a cooperative process between the Board's Finance Committee, the Library Director and any staff members with responsibility for a section of the budget. 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, the Board will either find ways to increase revenue or to reduce the size of the budget. The budget will be a balanced budget.

The Streator Public Library intends to spend a minimum of 12% of its operating costs on materials for patrons, per *Serving Our Public: Standards for Illinois Public Libraries, Rev. Ed., Core Standard 25*. Materials include books, electronic books, audio visual materials and periodicals. Costs related to the installation and maintenance of a local area network or a shared or standalone bibliographic database are not included in the 12% of operating expenses.

Financial Reporting

Every month the Library Director — through the outside Library accountant — presents written reports of library operations to the Board of Trustees. This report includes information about revenue and expenses, balances in the Library's bank accounts, status of investments and endowments, a record of debit or credit card expenses and a check register. The Board will review expenses and approve or disapprove the report as appropriate. The Library will submit its financial records for an audit annually. Since the Streator Public Library is a municipal library it will use the auditor selected by the City of Streator.

Banking

The Library, guided by the Library Director and the Finance Committee and with the approval of the Board will establish and maintain appropriate bank accounts to manage all monies received and distributed. The Library will have separate accounts for annual budgeted expenses, special funds, capital projects and investments. Special funds include, but are not limited to, a debit card account, a designated funds account and a Paypal donation fund. The Library's current banks include the First National Bank of Ottawa, Streator Home Savings Bank and Streator Onized Credit Union. The Library's Finance Committee may make recommendations for changes as needed. All bank disbursement transactions require two signatures. The Library Director, the Board Financial Officer, President and Secretary are authorized to sign checks and must be on all bank signature cards.

The Library Director is authorized to transfer funds from one library account to another library account for payment of monthly bills which have been approved by the Board of Trustees.

The Library will maintain a petty cash fund not to exceed \$300.00. It will be used only for making change.

The Library Director is not authorized to sign checks or to receive cash from library accounts except when the Board of Trustees authorizes such action through the approval of checks to reimburse petty cash.

Authority to Spend

The Library Director is authorized to spend up to \$1,000 on any single item without prior Board approval. Un-budgeted items over \$1,000 require Board approval. The Library Director is authorized to spend up to \$5,000 on any item already in the budget. In an extreme emergency, the Library Director may spend up to \$2,500 with the approval of two Board members. The Library may spend in excess of \$25,000 for a single purpose only after completing a formal bid process required by Illinois law.

Purchasing Policy

The State of Illinois statutes govern purchases of Libraries. In addition to those laws, it is the policy of the Board of Trustees of the Streator Public Library to use the most responsible business practices in its purchases. It is the Library's policy that all purchases, contracts and expenditures 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 require professional skills
- In emergencies involving public health, public safety or where immediate expenditure is necessary
- Where the contracts for 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 government agency
- Where purchases or contracts are for the use, purchase or installation of data processing software
- 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, heat, electricity or telecommunications

The Library staff shall seek bids (or quotations if bids are not specifically required) from the widest array of contractors and suppliers 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 consisting of \$5,000 to \$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 additional quotes.

Investment of Public Funds

The purpose of this policy is to outline the general objectives, responsibilities and guidelines for the management of the investment of public funds by the Streator Public Library.

Responsibilities

All investment policies and procedures of the Library will be in accordance with Illinois Law. The authority of the Board of Trustees to control and invest public funds is defined in the Illinois Public Funds Investment Act {30ILCS 235; and the investments permitted are described therein. Administration and execution of these policies are the responsibility of the Financial Officer guided by the Finance Committee and with the

approval of the Board.

Delegation of Authority

Management and administration of the investment program is delegated to the Financial Officer and the Library Director who are responsible for establishing internal controls and written procedures of the investment program.

“Prudent Person” Standard

All Library investment activities shall use a “prudent person” standard of care. The 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, and well as the probable income to be derived. Investment officers, acting in accordance with the policy and 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 on return on investments
- *Simplicity of Management*

Guidelines

- *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 the FDIC (unless adequately collateralized pursuant to Regulations of the Federal Reserve regarding custody and safekeeping of collateral).

Authorized investments will include and 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 (Illinois Funds) and any other investments allowed under State Law that satisfy the investment objectives of the Library.

- *Liquidity*
In general, investments should be managed to meet the needs of 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. All available funds will be placed in investments or kept in interest bearing accounts.
- *Simplicity of Management*
The time required to manage investments shall be kept at 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 price as of the report date. At least annually, the Chief Investment Officer shall review the 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 shall be available to the 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.

Designated Endowments

With advice of the Library Director, the Library Board may limit how long the designation of a gift continues. This can be negotiated in advance of the gift or it can be negotiated with the donor when the need for the gift is no longer necessary.

Authorized Financial Dealers and Institutions

The Board may choose to invest its monies with the counsel of an investment advisor or advisors. Any investment advisors, money managers and financial institutions shall be considered and authorized by the Board of Trustees upon the recommendation of the Financial Officer. The Financial Officer will maintain a list of financial dealers and institutions authorized to provide investment services.

Conflict of Interest

Trustees 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 or make impartial decisions, or that could give the appearance of impropriety.

Cash Management Policy

Cash Management Authorizations

Financial oversight of the library is the responsibility of the entire Board of Trustees with administrative assistance from the Library Director. The Library Board has established a Finance Committee to assist with oversight of the library's financial reporting, cash management, and budgeting. The Finance Committee reports to the Board.

The Library Board engages an outside accounting firm to record financial transactions, prepare checks for payroll and payables, make transfers between funds, make online payments to specific accounts authorized by the Board, prepare the financial report, and assist with the annual audit.

The Library Board expects the Library Director to maintain accurate payroll and benefits records, do financial forecasting, review bank statements and investment reports, assist with budget preparation, and assist the auditors.

The Library Director is responsible for providing support for the auditors and financial planner, keeping the Board informed of the library's financial position, and providing administration of the daily cash, overseeing bank deposits and transfers from bank to bank, as well as other financial responsibilities delegated by the Board of Trustees.

Finance Committee

The Library Board President shall appoint at least three Trustees, including the Board Financial Officer, to serve as members of the Finance Committee.

The finance committee's responsibilities include, but are not limited to the following:

- *Establish library checking and savings accounts as necessary
- *Maintain 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
- *Review monthly financial reports and check registers and verify that transfers have been made as authorized.
- *Review investment reports from the Financial Planner
- *Participate in the budgeting process. Review the Library's draft budget with the Library Director and make budget recommendations to the full Board of Trustees.
- *Review budgets related to capital projects.
- *Access the bank safe deposit box as needed.

Signing Authority

The Board of Trustees authorizes the issuance of checks for payment of goods or services upon the signature of one of the authorized trustee signers. Authorized signers include the Board Financial Officer and two other Library Trustees. Library checks are normally signed by the Board Financial Officer, or, in the Financial Officer's absence, another authorized trustee signer. The same persons will be authorized signers for bank transfers and investment accounts.

The Library Board authorizes the Library Director to be the authorized signer of the employer's quarterly state and federal 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.

Cash Management Controls

Accounting duties are performed in a private office in the Library. Blank checks are stored in the locked office and access is limited to the Library's accountant and Director.

Regular Bank Accounts

The Library Director and accountant may access regular bank accounts online, but they are not authorized to modify/add/delete data or initiate transactions.

The Library Director opens and reviews the bank statements and scans them to be sent to the accountant. Bank reconciliations of all accounts are performed by the accountant monthly. The Library Director and the Board of Trustees review the bank reconciliations, and the Trustees approve.

The Library Director may establish a debit card account to pay for budgeted small items. The debit card expenses should not exceed \$1,500 per month. The debit card account is refilled with checks made to the Streator Public Library. In order to maintain transparency, the Board Financial Officer or designee will meet with the Library Director monthly to review debit card expenses and report to the board as needed.

Segregation of Duties

Cash receipts are processed and documented by staff at the front desk. A designated staff reviews and balances the cash drawer. Staff place all cash and checks in a secured location in the Director's office.

The Library Director reviews the documentation for the cash and receipts then writes the bank deposit. The same day a designated staff makes the physical deposit at the bank and returns the deposit slip to the Director. The Director scans the deposit slip and deposit summary and emails them to the accountant.

The Director processes all outstanding invoices for the accountant. This includes coding all invoices, scanning them and emailing them to the accountant. The accountant makes all entries into the checkbook and processes the physical check records. The

Director reviews the checks and documents the transaction information on the original invoices. The Director files the coded invoices.

The printed checks and invoices are reviewed by the Financial Officer or designee and the Director for accuracy and signed. The Director places all checks in appropriate envelopes, stamps, and mails.