

Finance Policy

1. Fiscal Authority

1.1 Board Authority

1.2 Director Authority

1.3 Staff Authority

2. Budgeting, Purchasing, and Disbursements

2.1 Budgeting

2.2 Maintenance of Finance Records

2.3 Purchasing

2.3.1 Bidding of Purchases

2.3.2 Price Quotations

2.4 Contractor Liability

2.5 Review of Invoices

2.6 Disbursement of Funds

2.6.1 Primary Check Run

2.6.2 Secondary Check Run

2.6.3 Interim Checks

2.6.4 Credit Cards

2.6.5 Petty Cash

3. Disposal of Property

4. Donations

4.1 Types of Donations

4.2 Donations of Materials for the Collection or Other Items

5. Fund Balances

5.1 Types of Fund Balance

5.2 Fund Balance Benchmarks



1. Fiscal Authority

This section defines authority for budgeting and disbursing money from Elmhurst Public Library funds.

1.1 Board Authority

The Board shall approve the annual budget and levy along with all disbursements.

1.2 Director Authority

The Library Director is authorized to sign contracts on behalf of the Library and to disburse budgeted-for library funds.

1.3 Staff Authority

Management and staff members are authorized to spend Library funds as authorized by the Director.

2. Budgeting, Purchasing, and Disbursements

This section prescribes procedures for budgeting, purchasing, and disbursing money from Library funds.

2.1 Budgeting

The Director shall annually prepare an operating budget for the fiscal year. The Director will present the annual operating budget to the Board at regularly scheduled public meetings. The Board shall adopt the final budget and send the approved budget to the City of Elmhurst for inclusion in the City's annual levy.

2.2 Maintenance of Financial Records

The Director shall maintain accurate records of Library financial operations. The Director shall present reports on Library operations to the Board at regularly scheduled monthly Board meetings. The report shall include Library revenues and expenditures for the current month and shall include the current position of expenditures by budgetary line item, budgeted amount, and comparison of actual performance to budget.

2.3 Purchasing

Staff is authorized to purchase routine operating supplies, other goods and services, and enter into repair and maintenance contracts as outlined in the Board approved budget.

Administrative staff is also authorized to approve routine Library purchases up to \$3,500 as permitted by the budget without Board approval.

2.3.1 Bidding of Purchases

Competitive bidding is required for the purchase of goods and services in amounts exceeding \$25,000 (or as otherwise required by Illinois law), and shall be awarded to the lowest qualified bidder. Specifications and a contract must be prepared and a one-time legal notice should be placed in a local newspaper of general circulation inviting bids. Specifications and instructions to bidders should be distributed to those firms identified as appropriate, and any firms which request specifications and instructions. A closing time and date shall be specified for all bids which will be publicly opened and read at that time. All instructions to bidders should note that the Board reserves the right to reject any or all bids and may waive irregularities.

Staff will refer all bids to the Board with an analysis and a recommendation for acceptance or rejection.

2.3.2 Price Quotations

Whenever practical, staff should obtain at least three estimates before purchasing services, equipment, or materials for the Library with an aggregate cost exceeding \$3,500 but less than \$25,000.

2.4 Contractor Liability

Contractors involved in remodeling, renovation, maintenance, or other services where there is a risk of personal injury, are required to carry workmen's compensation and liability insurance with a \$1,000,000 coverage and to furnish certificates to verify this coverage from their insurance firm.

2.5 Review of Invoices

All invoices for goods and services shall be reviewed and approved by designated staff to verify receipt and price. The associated vouchers for payment will be reviewed and approved by the Director or Assistant Director.

2.6 Disbursement of Funds

In order for invoices to be paid promptly and necessary purchases to be made in a timely manner, procedures for payment will apply.

2.6.1 Primary Check Run

Whenever possible, invoices will be paid through the primary check run, which is closed the week before the monthly Board meeting. The list of checks in the primary check run is presented to the Board for approval prior to payment.

2.6.2 Secondary Check Run

Invoices that are due before the next regular primary check run may be included in a secondary check run scheduled to coincide with City of Elmhurst accounts payable

processing. The list of checks in the secondary run is presented to the Board for review at their monthly meeting.

2.6.3 Interim Checks

Invoices or prepayments which are due immediately may be paid by interim check authorized by the Director or Assistant Director and processed by the City of Elmhurst. The list of checks in the interim check run is presented to the Board for review at their monthly meeting. Interim checks will only be used when absolutely necessary.

2.6.4 Credit Cards

Designated staff members are authorized to make purchases with City of Elmhurst credit cards. Corporate credit cards are to be used only to purchase goods and services for official Library business. Any use of Library credit cards for cash advances or personal transactions is strictly prohibited and may result in disciplinary action up to and including termination.

Documentation of all purchases will be provided to the City of Elmhurst Finance department and also retained in the Administrative Office. The credit card statement will be presented to the Board at their monthly meeting.

2.6.5 Petty Cash

The Library will maintain a petty cash fund of \$500 for small purchases. All payments will be approved by the Director or Assistant Director prior to disbursement. Payments are recorded and the fund is replenished each month.

3. Disposal of Property

At the discretion of Administrative staff, the Library will dispose of withdrawn Library materials and Library property when the materials or items are no longer necessary. Administrative staff will make every attempt to repurpose items deemed useful by offering them to other entities. When items and materials are no longer relevant or are damaged, staff will make every attempt to recycle them.

4. Donations

The Library welcomes monetary donations from individuals and organizations. The Library reserves the right to accept or reject any donation. Donations may also be made to the Friends of the Elmhurst Public Library, an independent 501 (c) (3) non-profit corporation in accordance with its policies and guidelines.

4.1 Types of Donations

The Library welcomes monetary donations in the form of restricted, unrestricted, or commemorative donations.

- **Restricted Donations**

Restricted donations are those where the donor has defined specific terms, conditions, and purposes. The Library may accept such donations, which support the Library's mission. The Director or their designee will coordinate restricted donations and will determine, in consultation with the Library Board, the suitability of the restricted donation. Terms of acceptance must be compatible with the Library's policies, the donor's intent, and applicable laws.

- **Unrestricted Donations**

Unrestricted donations are those where the donor has not specified conditions, terms or purposes.

- **Commemorative Donations**

The Library offers limited opportunities to name building elements such as rooms or landscape features in return for a cash donation.

4.2 Donations of Materials for the Collection or Other Items

The Library does not accept donations of books or other materials for the collection.

Donations of goods or services that support the Library's mission will be considered on a case-by-case basis. The Director or their designee will coordinate such inquires and will determine, in consultation with the Board, the suitability of the proposed donation. Terms of acceptance will be in accordance with the Library's policies, the donor's intent, and applicable laws.

5. Fund Balances

Fund balances establish a minimum level at which, the projected year end fund balances should be maintained, in order to provide long-term financial stability, cash flow for operations, and fund balances adequate to ensure that the Library will be able to respond to emergencies from a strong fiscal position.

5.1 Types of Fund Balance

Generally accepted accounting principles provides for five types of fund balance. Following is a brief definition of each type:

- **Non-spendable Fund Balance:** Resources that cannot be spent because they are not in spendable form, such as inventory and prepaid items. Resources may also be non-spendable because of legal or contractual requirements.
- **Restricted Fund Balance:** Resources that are subject to constraints by external parties or laws.
- **Committed Fund Balance:** Formal constraints or limitations placed on resources by the highest level of decision-making authority at the government. In the Library's case this is the Board of Trustees.
- **Assigned Fund Balance:** The portion of the net position that is set aside (earmarked) for particular purposes. This differs from Committed Fund Balance in that it may have been established in a less formal method, and the authority to assign the resources may have been delegated to another individual, such as the Director of the Library.
- **Unassigned Fund Balance:** net resources that do not fall into one or more preceding four fund balance types. There are no formal or informal restrictions, commitments, or assignments to this portion of the fund balance.

Some funds are funded by a variety of resources, including both restricted and unrestricted (committed, assigned, and unassigned). The Library's order of spending fund balance is as follows: restricted, committed, assigned, unassigned.

5.2 Fund Balance Benchmarks

- **General Fund**

Purpose – The General Fund is the Library's operating fund.

The goal for the Library is to maintain the unassigned fund balance at fiscal year's end within the range of 45-50% of the General Fund less one-time capital expenditures.

- **Capital Replacement Fund**

Purpose – The Capital Replacement Fund is committed to capital projects and building system repairs or replacement. The Library Board must approve any expenditure of funds out of the Capital Replacement Fund through the budget and appropriation process.

The goal for the Library is to maintain the Capital Replacement Fund at a level appropriate for anticipated capital requirements as projected in the Capital Replacement Study.