

# Financial Plan

## Peru Public Library

### Introduction

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 policy with procedural elements.

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

The Peru Public Library's adopted budget is developed as a cooperative process between the board, the Library Director, and appropriate staff members prior to its adoption. The board delegates to the Library Director the daily fiscal operations of the Peru Public Library. The Peru Public Library uses FDIC insured accounts for its funds.

### Library Income

The library's income is predominately local property tax revenue, with some revenue deriving from fines<sup>1</sup>, fees<sup>2</sup>, grants<sup>3</sup> and donations. As possible, the library uses direct deposit for receipts of local taxes and state grants. We deposit grants funds upon receipt. Incoming fine, fees and donation funds are deposited weekly.

Annually, the library board authorizes the Library Director to seek applicable and appropriate grants to supplement the library's income. Grant funds and any matching funds are 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.

### 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.

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

<sup>2</sup> We charge 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.

<sup>3</sup> We use grants for non-budgeted purchases and/or special projects.

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 status of each budgetary line item including budgeted amount, receipts, monthly and year-to-date expenditures and remaining budget anticipations.

### **Audit**

The library abides by state law and fiscal recommendations regarding financial audits.

### **Routine Banking Procedures**

The Library Director 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. As possible, the library uses direct deposit for receipt of revenues.

The Library Director or designee 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.

The library director or designee are authorized to pay bills via EFT and/or online payment. 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 has authority to make all necessary and reasonable purchases and payments for the library. The Library Director may delegate library-related purchases to appropriate staff members, such as the youth manager ordering juvenile books or the custodian ordering building supplies.

The Library Director of the Peru Public Library has authority to spend:

- up to \$5,000.00 on any budgeted item without prior board approval
- between \$5,001.00 to \$19,999.00 on an item with the prior 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 library's credit card account. Receipts are submitted to the Library Director for approval.

### **Friends and Reimbursement**

The Friends group reimburses the library for agreed expenses.

### **Investment of Public Funds**

Library investments are in accordance with law. The authority of the library board to control and invest public funds rests in the Illinois Library District Act and the Illinois Public Funds Investment Act. The library board authorizes the Library Director to administer and execute investment of public funds. 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, these objectives are considered:

- Invest 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 Certificates of Deposit, Treasury Bills, participation in Illinois Funds and any other investments allowed under state law that satisfy the investment objectives of the library.
- Investments managed to meet cash reserve needs.
- Within the constraints of Illinois law and this investment policy, every effort is made to maximize return on the library's investments.

- All available funds are in investments or kept in interest-bearing deposit accounts at all times.
- The time required by library administrative staff to manage investments 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 law and common financial practice.

### **Cash Reserves**

The goal of the library board is to have on hand cash reserves or fund balance amounting to six (6) months of operating expenses. See the Fund Balance policy for more details.

### **Supplemental Services Fund**

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

### **Building Reserve Fund**

The Peru Public Library board is establishing a Special Reserve Fund under 75 ILCS 16/40-50. Unexpended funds from the library's Building & Maintenance Fund are transferred into the Special Reserve Fund at the end of fiscal year. See the Special Reserve Fund policy for more details.

Adopted      14 July 2011  
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