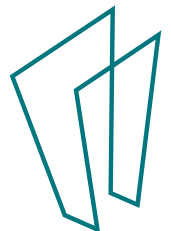




FINANCE POLICY

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1. FISCAL AUTHORITY

This Section defines authority for budgeting and disbursing money from Skokie Public Library funds.

1.1 Board Authority

The Board shall approve disbursements and investments as necessary and appropriate for the provision of public library services and programs; library collection development; construction, purchase, maintenance, and repair of the library facilities and equipment; employment of a competent library director and staff; and other expenditures for the operation of a public library. The Board shall approve the annual budget and levy, and take additional actions as authorized by the Illinois Local Library Act, found in the Illinois Compiled Statutes at 75 ILCS 5/1-0.1 *et seq.*; the Public Funds Investment Act, 30 ILCS 235/0.01 *et seq.*; and other applicable laws and regulations.

1.2 Director Authority

The library Director is authorized to sign contracts on behalf of the library and to disburse budgeted-for library funds, subject to the limitations of Section 2.3.

Pursuant to the library's Investment Policy, the Board delegates administrative responsibility for the library's investment program to and designates the Director as its chief investment officer responsible to establish internal controls and written procedures for the program. The Director shall comply with the Investment Policy.

1.3 Staff Authority

Management and staff members are authorized to spend library funds as authorized by the Director. Management and staff members will maintain records of expenditures and promptly provide such records to the Finance Manager. The Finance Manager will assist the Director in requesting and maintaining records of disbursements and investments.

1.4 Investment Advisor

An investment advisor may recommend and facilitate investments of library funds in accordance with the library's Investment Policy.

2. BUDGETING, PURCHASING, AND DISBURSEMENTS

This Section prescribes procedures for budgeting, purchasing, and disbursing money from library funds.

2.1 Budgeting

The Director and staff shall annually prepare a tentative operating budget for the upcoming fiscal year. The Director will present the tentative annual operating budget to the Board at regularly scheduled public meetings starting in January of each year. The Board shall adopt the final budget in April of each year. After the adoption of the budget, the Director may make purchases according to the spending plan indicated in the budget without specific approval for each purchase, provided that the



expenditures are within limits allowed by Section 2.3 of this Policy.

2.2 Maintenance of Financial Records

The Director shall maintain accurate records of library financial operations. On a monthly basis, the Director shall present reports on library operations to the Board, in a manner easily understood by the public as well as the Board. This record shall include library revenues and expenditures for the current month and fiscal year-to-date, include account balances, and shall clearly indicate the financial position of the library. In addition to the Financial Statement, a report with the current position of expenditures by budgetary line item, the budgeted amount, and a comparison of actual performance to budget.

2.3 Purchasing

The provisions of this Section 2 apply to all purchases and commitments requiring an expenditure of funds under the control of the Board.

Purchases of goods or services should be considered on an annual basis or other shorter intervals as appropriate, and similar types of goods and services should be grouped reasonably together for consideration, for purposes of applying this Section.

Purchases of routine operating supplies, other goods, and services are authorized for purchase through the Board's approval of the annual budget. The Director may expend, or commit to expend, a sum not to exceed \$25,000 without prior Board approval, provided such action will not cause the total expenditure to exceed the amount authorized for the annual budget.

2.3.1 Bidding of Purchases

Competitive bidding is required for contracts 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 responsible bidder

considering the applicable criteria listed in this Section, provided that contracts, which by their nature are not adapted to award by competitive bidding, are not subject to competitive bidding. These include:

1. Contracts for the services of individuals possessing a high degree of professional skill where the ability or fitness of the individual plays an important part;
2. Contracts for the maintenance or servicing of, or provision of repair parts for, equipment which contracts are made with the manufacturer or authorized service agent of that equipment, when the manufacturer or authorized service agent can best perform such services or provide such parts;
3. Purchases and contracts for the use, purchase, delivery, movement, or installation of data processing equipment, software, or services and telecommunications and interconnect equipment, software, and services;
4. Contracts for duplicating machines and supplies;
5. Contracts for goods or services procured from another governmental agency;
6. Purchases of equipment previously owned by some entity other than the library itself;



7. Contracts for goods or services which are economically procurable from only one source, such as for the purchase of magazines, books periodicals, pamphlets, and reports;
8. Contracts for emergency expenditures, when the same are approved by 3/4 of the members of the Board.

Solicitation for bids shall conform to applicable Illinois law and shall be conducted as follows:

1. A legal notice announcing a "call for bids" shall be published in at least one local newspaper at least once. At its discretion, the Board may select additional newspapers or other publications in which to place such advertisements.
2. The call for bids shall describe in detail the required qualifications for contractors or suppliers, specifications of the goods or services to be purchased, terms of delivery, draft of the contract (if applicable), need for performance bond (if applicable), whether samples are required, the form in which and the date and time by which bids must be submitted, any other conditions, and the time and place for opening bids.

2.3.2 Price Quotations

Purchases of goods or services with an aggregate cost exceeding \$5,000 but less than \$25,000 shall be made based on at least three quotations from the most qualified suppliers, all to the extent practicable in the circumstances. The most qualified suppliers will be determined using the applicable criteria listed in Section 2.3.4.

2.3.3 Qualifications of Contractors and Suppliers

It is the intent of the library to award contracts only to contractors or suppliers who furnish satisfactory evidence that they have the requisite capital, experience, ability, organization, and staffing to successfully perform and complete the work within the time set forth in the specifications. The library shall consider the following criteria:

1. Ability, capacity, and skill of the contractor or supplier to perform the contract;
2. Whether the contractor or supplier has performed work similar to that required under the contract within the past three years;
3. Whether the contractor or supplier has the organization and staffing to successfully perform the contract within the time specified and without delay or interference;
4. Character, integrity, reputation, judgment, experience, and efficiency of the contractor or supplier;
5. Quality of the contractor or supplier's performance of previous contracts;
6. The contractor or supplier's safety record, including OSHA citations, in the past three years;
7. Previous and existing compliance by the contractor or supplier with laws and ordinances relating to public bidding generally and to this contract in particular;
8. Sufficiency of the contractor or supplier's financial resources and ability of the contractor or supplier to perform the contract in particular;



9. Information the library obtains from references supplied by the contractor or supplier, or from inquiries by the library as to prior work performed by the contractor or supplier;
10. A pre-award interview may be required at which the contractor or supplier would present its qualifications and project team and discuss this project with the library;
11. Any other factor that the library may legally consider in determining the proposal that is in the best interests of the library.

2.4 Travel Reimbursement

Procurement of travel, lodgings, and meals by Board members and library staff related to official library business shall be done in compliance with the library's Policy to Regulate Reimbursement of Travel, Meal, and Lodging Expenses adopted in January 2017, incorporated herein by reference.

2.5 Review of Invoices

All invoices for supplies and library materials are reviewed by the department which placed the order and receives the materials. The invoices are compared with the order's documentation and packing slips to verify the material was ordered by the Library, received in good condition, and the charges are correct. Once verified, invoices are forwarded for approval.

A manager and/or department head approves all invoices for payment. The Accounts Payable & Purchasing Assistant prepares checks for payment and records these transactions in the Library's accounting program. The Library shall use a positive pay system to ensure that only approved vendors and amounts are paid unless an exception is approved by the Library Director.

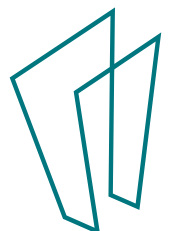
2.6 Disbursements

The Business Office issues payments to library vendors for goods and services on a weekly basis. The Board President and the Village of Skokie Finance Director are authorized signatories

The Business Office prepares a monthly list of paid disbursements that includes the names of vendors, amounts paid, and check numbers sorted by budget account number. The Disbursement Report is presented to the Board for approval at each regular Board Meeting.

3. CORPORATE CREDIT CARDS

Staff members to whom the library issues corporate credit cards are to be used only by the staff member to whom the card was issued, and only for the purchase of goods or services for official library business. Cards are issued to the following staff members: Director, Administrative Assistant to the Director, Accounts Payable & Purchasing Assistant, and Acquisitions Supervisor. Requests for purchases made with library credit cards must come with the department manager's approval and an indication of the budget account to be used.



For all credit card purchases made, the staff member must submit documentation in the form of receipts detailing the vendor, goods or services purchased, their cost, and date of purchase. This documentation must be submitted to the Finance Manager monthly for reconciliation. Failure to submit documentation within 60 days may result in a rescission of credit card privileges. Staff members issued a Skokie Public Library credit card will be held individually responsible for its correct use and for providing prompt documentation of their credit card transactions.

Any changes to the staff member's credit card number, expiration date, or 3-digit code shall be reported to the Finance Manager upon receipt of a new card, and will be updated on the library's listing of cards.

Prior to initial receipt of any card, each individual must agree to and sign the Credit Card Use Procedures. Each staff member issued a credit card is responsible for its protection and custody, and shall immediately notify the issuing bank and library Administration if the credit card is lost, stolen, or used by an unauthorized person.

The library's credit cards are not debit cards, and are not to be used for the withdrawal of cash.

All credit cards issued to staff shall be returned immediately upon request or termination of employment to the library. Any misuse of a library credit card shall result in revocation of the credit card, and at the discretion of the Director, disciplinary measures, up to and including termination of employment.

4. DISPOSAL OF PROPERTY

Print and non-print items, equipment, supplies, artworks, and or any personal property of the library, which in the Board's judgment are no longer needed or useful for library purposes, may be sold or disposed of as outlined in this Section. The disposal of real or personal property of the library shall conform to 75 ILCS 5/4-16.

The Board delegates authority to the Director for the sale or disposal of surplus library property as follows:

- Property of any value may be donated or sold to another tax-supported library or library system. Property may also be traded in for credit towards a replacement item.
- Property of Skokie Public Library having an estimated unit value of \$1,000 or less may be disposed of in the following manner:
 - If the item is in unusable and/or unsafe condition, it is to be disposed of through appropriate recycling and/or waste management channels.
 - If the item is one of specialized use, the library may offer the item for sale through other channels.
 - Books and non-print items from the library's collections and library equipment suitable for personal use valued individually at less than \$1,000 are donated to Better World Books or other organizations that redistribute used books.



- Any other personal property having an individual current value of \$1,000 or less may, at the discretion of the Director, be discarded; exchanged for credit for new equipment; made available for sale; or given to local philanthropic, educational, cultural, governmental, or other not-for-profit organizations.
- Property of Skokie Public Library having an estimated unit value of more than \$1,000 but less than \$2,500 may be disposed of in the following manner:
 - The item is to be displayed at the library, and a public notice posted of its availability for purchase, and of the date and terms of the proposed sale.
- In the case of property with an estimated value of more than \$2,500, a notice of its availability for purchase and the sale location shall be posted on library property, and also published in a local newspaper, along with the date and terms of proposed sale once a week for two successive weeks. Bids shall be taken for such property. All bids may be rejected if deemed inadequate, and the library will dispose of the property in the best interests of the library.
- The Board shall be informed prior to disposals of property having an estimated value of more than \$25,000.

In no case shall members of the Board, the Director, or members of their immediate families bid on or purchase any library item declared surplus. No library staff members or members of their immediate families may purchase any library item declared surplus, except through competitive public bidding.

5. DONATIONS

The library welcomes monetary donations and donations of stock, materials, and other items. The purpose of this Section is to provide guidance to prospective donors. The library reserves the right to accept or reject any donation.

5.1 Types of Donations

5.1.1 Monetary Donations

The library welcomes monetary donations. There are two types of monetary donations: restricted and unrestricted.

5.1.2 Restricted Donations

Restricted donations are those as to which the donor has defined specific terms, conditions, and purposes. The library may accept such donations if they support the library's mission. With the exception of donations designated for purchasing library materials, the Director or Director's designee will coordinate restricted donations and will determine, in consultation with the Board if necessary, the suitability of the restricted donation. Terms of acceptance must be compatible with the library's policies, the donor's intent, and applicable laws.

In the case of money donated to purchase library materials, the donor may recommend an age level, broad subject area, or format. The library will attempt to honor the donor's wishes if the donor's recommendations are consistent with library policies,



current needs, and available space. The library does not guarantee that expenditures will be made in the recommended categories. Library staff will make selections of specific titles. Materials purchased with donated funds become a part of the library's collection subject to the library's normal guidelines for deaccession and disposal.

5.1.3 Unrestricted Donations

Unrestricted donations are those as to which the donor has not specified conditions, terms, or purposes. Whenever possible, the library will use these donations to purchase items that enhance the library building or library services, which may be outside the scope typically provided for in the library's budget.

Typical uses of unrestricted monetary donations include, but are not limited to the following:

- Works of art
- Giveaways and prizes for the community
- Aesthetic building enhancements
- Emerging technology
- Furniture

5.2 Donation of Other Items

The library will consider on a case-by-case basis donations of furniture, merchandise, works of art, and other goods and services that support the library's mission. The Director or Director's designee will coordinate inquiries about such donations and will determine their suitability, in consultation with the Board if necessary. Terms of acceptance will be in accordance with library policies, the donor's intent, and applicable laws.

5.3 Acknowledgement of Donations

The library will provide a letter to the donor acknowledging the donation. In the case of memorial or tribute donations, a letter will also be provided to a representative of the honored individual, if possible. Generally, acknowledgement letters will be mailed. For the donation of library material, the donor may request a receipt from library staff. Donations to the library may be tax deductible. The library will not provide a valuation for any donated items or goods.

If practical to do so, the library will place a plaque acknowledging a donation on or near the donated item or the item purchased with donated funds. When funds are donated for the purchase of library material in memory or honor of an individual, a bookplate will be applied to each item, if possible.

5.4 Use of Gifts

Any gift other than donated funds is accepted with the understanding that it may be, at the sole discretion of the library, in the library's best interests to sell or dispose of the gift.



6. FUND BALANCES

A Fund Balance Policy establishes a minimum level at which the projected end-of year 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.

6.1 Definitions – Government Accounting Standards Board (GASB) Statement 54

Non-spendable Fund Balance

Assets that are not in a spendable form (prepaids) or are required to be maintained intact (the principal of a permanent fund).

Restricted Fund Balance

The portion of a fund that consists of amounts that are subject to externally enforceable legal restrictions or are restricted through legislation adopted by the Board.

Unrestricted Fund Balance

The total of the Committed, Assigned and Unassigned Fund Balances.

- a. *Committed Fund Balance* - The portion of a fund that consists of amounts that are subject to a self-imposed limitation placed there by formal action of the Board. Modification or removal of the limitation may only occur through formal action by the Board.
- b. *Assigned Fund Balance* - The portion of a fund that the Board intends to use for a specific purpose. Intent may be expressed by the Board or may be delegated to members of the management team by the Board.
- c. *Unassigned Fund Balance* - The portion of a fund that is available for any purpose.

6.2 Skokie Public Library Funds and Target Balances

General Fund

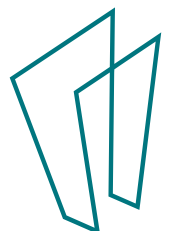
The General Fund is the library's operating fund. Taxes levied for this fund will be classified as unassigned funds. At the end of the fiscal year, funds may be transferred to the Reserve Fund for Sites and Buildings ("Reserve Fund") through a resolution of the Board.

In the event Reserve Fund monies are needed to support General Fund expenditures, the Board may approve a resolution to borrow funds temporarily or make a permanent transfer from the Reserve Fund for Sites and Buildings to the General Fund.

Reserve Fund for Sites and Buildings

The Reserve Fund for Sites and Buildings is used to account for and report financial resources for capital outlays including the acquisition or construction of capital facilities and other capital assets. The Reserve Fund balance is reviewed in developing the long-range fiscal plan and is maintained at a level appropriate for anticipated capital requirements. This fund is classified as committed.

The Reserve Fund should represent no less than five months of annual operating



expenditures at any time during the year. This minimum level of fund balance may be revised with Board approval.

Debt Service Funds

Debt Service Funds are established to account for and report financial resources that are restricted to expenditure for principal and interest. The fund balance is fully restricted for debt service; however, any fund balance remaining once all financial obligations have been satisfied may be transferred to the Reserve Fund for Sites and Buildings.

Fine Arts Acquisition Fund

Assets in the Fine Arts Acquisition Fund are classified as committed funds. This accounts for the proceeds of specified revenue sources that are committed to fine art acquisition purposes.

7. FRAUD PREVENTION

Fraud is defined as a willful or deliberate act with the intention of obtaining an unauthorized benefit, such as money or property, by deception or other unethical means. All fraudulent acts or related misconduct are included under this policy and include, but are not limited to, such activities as:

- Embezzlement, theft, misappropriation, or other financial irregularities;
- Forgery or alteration of documents (checks, timesheets, contractor agreements, purchase orders, other financial documents, electronic files);
- Improprieties in the handling or reporting of financial transactions;
- Misappropriation of funds, securities, supplies, inventory, or any other asset (such as furniture, fixtures, equipment, materials), including assets of the Library, patrons, suppliers, or others with whom there is a business relationship;
- Authorizing or receiving payment for goods not received or services not performed;
- Authorizing or receiving payments for hours not worked or expenses not accrued and documented;
- Profiteering as a result of insider knowledge of Library activities.

The Director is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Library are protected from loss, theft, or misuse. The internal control structure should be designed to provide reasonable, not absolute, assurance that these objectives are met.

Fraud and related misconduct will not be tolerated. Employees found to have participated in such conduct will be subject to disciplinary action, up to and including termination.

Trustees and employees are expected to use their best efforts to recognize risks and exposures inherent to their areas of responsibility and to be aware of indications of fraud and related misconduct. Any Trustee or employee who knows or suspects fraud or related misconduct shall report that to the President of the Board of Trustees or the Library Director; reports of fraud are subject to the library's Whistleblower Reporting and Anti-Retaliation

Policy and Procedures.

When fraud or related misconduct is reported, an appropriate investigation and all necessary action will be undertaken. All investigations of alleged wrongdoing will be conducted in accordance with applicable laws and library policies/procedures. During or following the investigation, the Board may choose to consult with legal counsel and take appropriate steps to minimize recurrence.

*Adopted by the Skokie Public Library Board of Trustees, November 14, 2018.
Reviewed November 11, 2020; November 9, 2022.*

