

<p style="text-align: center;"><b>MIDLOTHIAN PUBLIC LIBRARY FINANCIAL POLICY</b></p>
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## I. ACCOUNTING

Generally Accepted Accounting Principles are employed in our accounting procedures, using a digital fund accounting system.

## II. AUDIT

An annual audit is required for the library's financial situation. This audit usually takes place in the summer. The auditors require copies of the original signed minutes for each of the board meetings in the year being audited.

## III. BANKING

- A. Petty Cash: \$300 in cash is kept in the safe on the premises for petty cash purposes. The account is reimbursed as needed to maintain the \$300 balance.
- B. Checking: An account at the First Midwest Bank is used for paying the bills and the payroll. These checks require two signatures of the Board President, Secretary, Treasurer or Library Director. Monies are transferred on a semi-monthly basis to cover the payroll and the bills.
- C. Money Market: A collateralized account at First Midwest Bank is set up as a Real Estate Fund. The property taxes owed to the Library are automatically deposited to this account by the Cook County Clerk's Office. This account is FDIC insured up to \$250,000. Monies beyond FDIC are part of a Third Party Custodian Agreement (Collateralized Municipal Deposits) with the Bank of New York Mellon for added security. The monthly accounts payable and payrolls are transferred from this account to First Midwest Bank Checking Account for payment. At the end of each fiscal year, the board transfers the unexpended balances of the proceeds received from the public library taxes into the Building Account.
- D. Illinois Funds Accounts:
  - 1. Building Account: This fund was established to keep the special reserve fund money in a separate account to be used for materials or projects explained in 75ILCS Section 16/40-50 as part of the Illinois Local Library Act. The Building Fund Plan is on file in the Library Director's office.
  - 2. Reserve Fund: This fund was established in order to maintain the three month's operating reserve that is generally recommended for libraries. Funds are transferred into this account at the end of the fiscal year.
  - 3. E-Pay Account: This fund is for electronic credit card payments made to the library at point of sale. The Illinois Treasurer requires the target balance be at

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least \$1,000. Illinois National bank will automatically transfer funds in excess of this target to the Illinois Funds account.

#### IV. BIDDING

- A. Purchases in excess of \$25,000 require a formal bid process.
- B. Specifications are established by the Board of Trustees and the Library Director. The assistance of a consultant, architect or company representative may be enlisted in the writing of the specifications.
- C. Once the specifications have been written, a bid form is written establishing:
  - 1. When the bids are due—date, time, location.
  - 2. When they will be opened—date, time, location of board meeting or special meeting.
  - 3. Requirements for the bid—bonding, samples, references, etc.
  - 4. If there will be any type of meeting prior to bidding for prospective bidders to obtain more information.
- D. A cover letter is written to accompany the specifications and the bid form to send out to prospective bidders and a local newspaper. An ad is published in a local newspaper, and a bid information packet is sent to any local business or company who might be interested in bidding on the request. A bid information packet may be sent to specific businesses or companies throughout the country who specialize in the item or service being requested by mail or fax.
- E. If a meeting is scheduled, specific and detailed information will be given out. No prospective bidder may receive any information that is not available to every prospective bidder. No conversation between a prospective bidder and any employee or board member may take place prior to the bid date. All questions and phone calls must be directed to the Library Director.
- F. When bids are received they shall be marked with the time and date of receipt, delivered immediately to the Library Director and shall not be opened until the scheduled meeting.
- G. Bids must be opened at the time stated in the bid document. Since it is an open meeting, bidders may attend. The bids are opened by the board president in either alphabetical order or in the order they were received. The Library Director records the information for each bid on a bid form. The Board may request that a Committee of the Board evaluate the bids, check references, or review the specifications. A decision to award the bid may occur at a later time. In that event, the date and time of the award will be stated by the Board President. The award must be given at a regularly scheduled or special board meeting.

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H. All bid information must be kept, and all bidders have a right to know who received the bid and what the bid price was.

#### V. CASH REGISTER

A cash register is used at the circulation desk to track miscellaneous revenue, such as fines or copier income. Deposits are made weekly (or as needed), and all cash is kept in the safe.

#### VI. GIFTS AND DONATIONS

Whenever a monetary donation is received to honor or memorialize someone, it is deposited into the library's checking account for operational funds. All donations are subject to the *Gifts, Donations and Sponsorships Policy*.

#### VII. GIFTS FROM THE FRIENDS OF THE MIDLOTHIAN PUBLIC LIBRARY

The Friends deposit donations and other revenue into their own checking account, and donate most of their earnings from fundraising events back to the library for programs and other materials and activities.

#### VIII. INVESTMENTS

According to the provisions in 30 ILCS 235, the Public Funds Investment Act, the Midlothian Public Library follows these provisions for all of its investments.

These investments may include:

- A. Bonds, notes, certificates of indebtedness, treasury bills or other securities.
- B. Bonds, notes debentures or other similar obligations of the United States of America or its agencies.
- C. Interest-bearing savings accounts, interest-bearing certificates of deposit or interest-bearing time deposits or any other investments constituting direct obligations of any bank as defined by the Illinois Banking Act.
- D. Short-term obligations of corporations organized in the United States with assets exceeding \$500,000.
- E. Money market mutual funds registered under the Investment Company Act of 1940. Investments may be made only in banks which are insured by the F.D.I.C.

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- F. Any public agency may also invest any public funds in the Illinois Funds, created under Section 17 of the State Treasurer's Act.

See the *Investment of Public Funds Policy* for further details.

#### IX. LEVY

- A. Since the library is a village library, the levy is prepared by the Board of Trustees and given to the Board of Trustees of the Village of Midlothian before the end of September each year. The Village includes the library's levy as part of their levy every December.
- B. The library receives the proceeds from part of this levy from August to October of the following year, and the rest of the funds during the following February to April. The second payment of property taxes is to be used at the beginning of the next fiscal year. The property taxes are automatically deposited into the Illinois Funds Real Estate Account.
- C. The levy is prepared by the library director and the Finance Committee at a meeting in August. The levy is presented at the September board meeting and is approved by the full Board of Trustees. It is then sent to the Village Board of Midlothian and the Village Attorney. Copies of current and past levies are on file in the library.

#### X. MEETING REIMBURSEMENT

Board and staff members are reimbursed for expenses incurred while attending a meeting, conference or workshop per the *Reimbursement of Travel, Meal, and Lodging Expenses Policy*.

#### XI. PURCHASING

- A. Any item to be purchased in excess of \$25,000 must be obtained through the formal bidding process.
- B. Any item to be purchased which costs less than \$25,000 but above \$5,000 must be presented by the Library Director to the Board of Trustees for approval.
- C. The Library Director may authorize purchases of up to \$5,000 without board approval.

#### XII. TREASURER

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The Treasurer of the Board of Trustees is elected at the beginning of each fiscal year. In accordance with 75ILCS 5/4-9, the treasurer of the board is covered by a bond “not less than 50% of the total funds received by the library in the last fiscal year.”

**XIII. AUTHORITY TO SIGN CHECKS AND WITHDRAW FUNDS**

The President, Treasurer, Secretary and Library Director can sign the disbursement checks and the payroll checks. Two signatures are required for all checks. Only the President, Secretary and Treasurer can sign withdrawals from the Illinois Funds. The Library Director may transfer funds from Illinois Funds to First Midwest Bank for accounts payable and payroll.

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