

Financial Policies

Approved by the Board of Trustees Tuesday July 11, 2007

Budget and Finance Policy

Written 5/21/07

The Sycamore Public Library has a board-approved written budget. This budget is developed annually as a cooperative process between the board's finance committee, the library director, and additional staff members with responsibility for budgetary elements. The Board effectively manages the revenues and expenses in a fiscally responsible manner with the management goal of meeting community needs while maintaining adequate reserves.

The Sycamore Public Library has a goal of spending a minimum of 12% of its operating budget on materials for patrons. Materials include books, audiovisual materials, periodicals, and fees for online information services. Costs related to the installation and maintenance of a LAN or a shared or standalone bibliographic database are not included.

On a monthly basis, the library director presents written reports on library operations to the board of trustees. These reports include such areas as finance, library usage, matters of personnel, collection development, and programming in addition to any other relevant and pertinent information.

The library maintains adequate records of library operations in a manner easily understood by the public as well as the board of trustees and library director. This record of library operations is presented at each board of trustees monthly meeting and clearly indicates the financial position of the library. In addition to the general financial position of the library, this record clearly indicates the current position of each budgetary line item including budgeted amount, receipts, monthly and year to date expenditures, and remaining budget.

Routine Banking Procedures

Written 11/9/1989

Revised 5/21/07

The library director of the Sycamore Public Library 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.

The library director of the Sycamore Public Library 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 of the Sycamore Public Library is authorized to sign checks or receive cash from library accounts when the board of trustees authorizes such action through the approval of checks to reimburse petty cash.

Authority to Spend

Written 11/9/1989

Revised 5/21/07

The library director of the Sycamore Public Library is authorized to spend

- ◆ up to \$5,000.00 on any single item without prior board approval.
- ◆ between \$5,001.00 to \$19,999.00 on any single item only with the approval of the full board without a formal bid.
- ◆ in excess of \$20,000.00 only after completing the formal bid process as described in Illinois Law.

- ◆ In case of extreme emergency up to \$10,000.00 with the approval of two library board officers.

Investment of Public Funds

Written 11/9/1989

Revised 5/21/07

Purpose: The purpose of this policy statement is to outline the responsibilities, general objectives, and specific guidelines for management of public funds by the Sycamore Public Library.

Responsibilities: All investment policies and procedures of the Sycamore Public Library will be in accordance with Illinois law. The authority of the Library Board of Library Trustees to control and invest public funds is defined in the Illinois Public Funds Investment Act, and the investments permitted are described therein. Administration and execution of these policies are the responsibility of the Treasurer, and, by designation, the Library Director acting under the authority of the Library Board of Library Trustees. Investments, fund balances, and the status of such accounts will be reported at each regularly scheduled meeting of the Library Board.

Objectives: In selecting financial institutions and investment instruments to be used, the following general objectives should be considered:

- Safety
- Maintenance of sufficient liquidity to meet current obligations
- Return on investment
- Simplicity of management

Guidelines: The following guidelines should be used to meet the general investment objectives:

- ◆ Safety
Investments will be made 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 and will 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, and any other investments allowed under State law that satisfy the investment objectives of the library district.
- ◆ Maintenance of sufficient liquidity to meet current obligations
In general, investments should be managed to meet liquidity needs for the current month plus one month (based on forecasted needs).
- ◆ Return on investment
Within the constraints on Illinois law and this investment policy, every effort should be made to maximize return on investments made. All available funds will be placed in investments or kept in interest bearing deposit accounts at all times.
- ◆ Simplicity of management
The time required by library administrative staff to manage investments shall be

kept to a minimum.

Indemnification and Insurance

Written 5/21/07

Section 1. The Sycamore Public Library shall indemnify any person who was or is a party, or is threatened to be made a party, to any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative (other than an action by or in the right of the Library) by reason of the fact that he or she is or was a trustee, officer, employee, or agent of the Library, or who is or was serving at the request of the Library as a director, officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise, against expenses (including attorneys' fees), judgments, fines, and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit, or proceeding, if such person acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interests of the Library, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful. The termination of any action, suit, or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he or she reasonably believed to be in, or not opposed to, the best interests of the Library, or, with respect to any criminal action or proceeding, that the person had reasonable cause to believe that his or her conduct was unlawful.

Section 2. The Library shall indemnify any person who was or is a party, or is threatened to be made a party, to any threatened, pending, or completed action or suit by or in the right of the Library to procure a judgment in its favor by reason of the fact that such a person is or was a trustee, officer, employee, or agent of the Library, or is or was serving at the request of the Library as a director, officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise, against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection with the defense or settlement of such action or suit, if such person acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interests of the Library, provided that no indemnification shall be made in respect of any claim, issue, or matter as to which person shall have been adjudged to be liable for negligence or misconduct in the performance of his or her duty to the Library, unless, and only to the extent that the court in which such action or suit was brought, shall determine upon application that, despite the adjudication of liability, but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses as the court shall deem proper.

Section 3. To the extent that a trustee, officer, employee, or agent of the Library has been successful, on the merits or otherwise, in the defense of any action, suit, or proceeding referred to in Sections (1) and (2) of this Policy, or in defense of any claim, issue, or matter therein, such person shall be indemnified against expense (including attorneys' fees) actually and reasonably incurred by such person in connection therewith.

Section 4. Any indemnification under Section (1) and (2) of this Policy (unless ordered by a court) shall be made by the Library only as authorized in the specific case, upon a

determination that indemnification of the trustee, officer, employee, or agent is proper in the circumstances because he or she has met the applicable standard of conduct set forth in Sections (1) and (2) of this Policy. Such determination shall be made (i) by the Board of Library Trustees by a majority vote of a quorum consisting of trustees who were not parties to such action, suit, or proceeding, or (ii) if such a quorum is not obtainable, or, even if obtainable, a quorum of disinterested trustees so directs, by independent legal counsel in a written opinion.

Section 5. Expenses incurred in defending a civil or criminal action, suit, or proceeding may be paid by the Library in advance of the final disposition of such action, suit, or proceeding as authorized by the Board of Library Trustees in the specific case, upon receipt of an undertaking by or on behalf of the trustee, officer, employee, or agent to repay such amount, unless it shall ultimately be determined that he or she is entitled to be indemnified by the Library as authorized in this Policy.

Section 6. The indemnification provided by this Policy shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under any agreement, vote of disinterested trustees, or otherwise, both as to action in his or her official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a trustee, officer, employee, or agent, and shall inure to the benefit of the heirs, executors, and administrators or such a person.

Section 7. The Library may purchase and maintain insurance on behalf of any person who is or was a trustee, officer, employee, or agent of the Library, or who is or was serving at the request of the Library as a director, officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise, against any liability asserted against such person and incurred by such person in any such capacity, or arising out of his or her status as such, whether or not the Library would have the power to indemnify such person against such liability under the provisions of this Policy.

Section 8. For the purposes of this Policy, references to "the Library" shall include, in addition to the surviving Library, any merging Library (including any Library having merged with a merging Library) absorbed in a merger which, if the separate existence had continued, would have had the power and authority to indemnify its trustee, officers, employee, or agents, so that any person who was a trustee, officer, employee, or agent of such merging Library, or was serving at the request of such merging Library as a director, officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise, shall stand in the same position under the provisions of this Policy with respect to the surviving Library as such person would have with respect to such merging Library if its separate existence had continued.