



**McHENRY PUBLIC
LIBRARY DISTRICT**
WISDOM • KNOWLEDGE • DREAMS

McHenry Public Library District

ByLaws of the Board of Trustees

(adopted April 15, 2008, Board Meeting)

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BOARD STRUCTURE

Seven elected/appointed trustees shall serve on the Library Board of Trustees of the McHenry Public Library District.

TENURE AND TERMS

In accordance with Statute, Trustees shall hold office for a six year term from the 3rd Monday of the month next following the month of election and until their respective successors are elected and qualified. Terms of Trustees shall be staggered in accordance with law. (75 ILCS 16/30-10)

ORGANIZATIONAL MEETING

As provided by Statute, within sixty (60) days after their election or appointment, the incumbent and new Trustees shall meet to organize the Board (75 ILCS 16/30-40). The first action taken at this meeting shall be the election of a President, Vice-President, Secretary and Treasurer from among the Trustees. The Secretary shall then record the membership of the Board and Trustees duly elected or appointed and having taken their oath of office as prescribed by the Constitution shall be qualified to serve as Trustees under this Act. The required oath shall be taken and subscribed before a notary public or the Secretary of the Board.

NOMINATIONS

As provided by Statute, nomination of the candidates for election as Trustees shall be by petition, signed by at least fifty (50) voters residing within the District, and filed with the Secretary within the time provided by the Election Code (10 ILCS 5/1-1 et. seq.). No party name or affiliation may appear on such petition.

The names of all candidates for office of Trustee shall be certified by the secretary to the proper election authority, who shall conduct the election in accordance with the Election Code. A candidate may withdraw by written, signed and duly acknowledged withdrawal filed with the Secretary not later than the last day for certification of the ballot. (75 ILCS 16/30-20)

ELECTIONS

As provided by Statute, elections of Trustees shall take place at the consolidated election and they shall be conducted by the election authority in accordance with the Election Code (10 ILCS 5/1-1 et. seq.)

VACANCIES

Vacancies shall be declared in the office of Trustee by the Board as described in the Public Library District Act of 1991. Vacancies may be filled by the remaining Trustees through appointment in accordance with ILCS. The Board of Library Trustees shall give appropriate publicity to the existence of a vacancy or election in an effort to secure the most highly qualified applicants and candidates. (75 ILCS 16/30-25)

COMPENSATION AND EXPENSES

As provided by Statute, Trustees shall serve without compensation but shall be reimbursed for their actual and necessary expenses incurred in the performance of their duties from District funds. (75 ILCS 16/30-30)

POWERS

The Board of Trustees shall carry out the spirit and intent of the Public Library District Act of 1991 in establishing, supporting, and maintaining a public library or libraries within the District and for providing library service. In addition, and without limiting other powers conferred by the Public Library District Act of 1991, the Board shall have the powers set forth in the following sections preceding 75 ILCS section 60-30 and other relevant Statutes.

OFFICERS

The officers of the Board of Library Trustees shall be as follows: President, Vice-President, Treasurer and Secretary. Each office shall be held by a different Trustee. A Secretary Pro Tempore may be appointed by the President with the approval of the Library Board. A nominating committee shall be appointed by the President, who will present a slate of officers at the annual meeting. Additional nominations may be made from the floor. Officers shall serve a term of two years from the annual meeting at which they are elected

(75 ILCS 16/30-40). A vacancy in any office shall be filled by the Board for the unexpired term. Officers shall have such obligations and duties as set forth by Statute. (75 ILCS 16/30-45)

DUTIES/OBLIGATIONS OF BOARD MEMBERS

Effective January 1, 2012, elected or appointed members of a public body subject to the Open Meetings Act (OMA) must complete the electronic training from the IL Attorney General's office once during their term of election or appointment within one (1) year or no later than the 90th day after taking the oath of office. The Public Access Counselor's Office's OMA electronic training available free of charge at http://foia.ilattorneygeneral.net/electronic_foia_training.aspx. The certificate of training/completion should be filed with the public body. (Section 1.05 (b) of OMA. Additionally, specific board members may be required to take the Freedom of Information Act (FOIA) training annually if they serve as an organizational FOIA Officer (Section 3.5 (b) of FOIA).

DUTIES OF THE PRESIDENT

The President shall preside over all meetings, appoint members of committees authorized by the District's regulations, and perform other duties specified by the District's regulations, ordinances, or other appropriate action. In addition, the President shall be an ex-officio voting member of all committees, prepare an agenda for every meeting of the board of Library Trustees and appoint the Attorney to the Board and an Accountant for the purpose of audits, as necessary, with the approval of the Board. The President shall also authorize calls for any special meetings, execute all documents authorized by the Board, and shall perform all other duties as may be assigned by the Board. The President shall not have or exercise veto powers. In the absence of the President, the Vice-President shall preside. (75 ILCS 16/30-45)

DUTIES OF THE VICE-PRESIDENT

The Vice-President shall preside over all meetings in the absence of the President and shall perform all other duties as may be assigned by the Board. (75 ILCS 16/30-45)

DUTIES OF THE TREASURER

The Treasurer shall be bonded in an amount to be set by the Board in accordance with the law and the cost of such bond shall be paid from District funds. It is the Treasurer's responsibility to maintain accounts and records of the District, indicating a record of receipts, disbursements and balances in any funds. At every Board meeting the Treasurer is expected to present an account of the status of the Treasury at the date of such accounting and the balance of money in the Treasury. In addition, the Treasurer shall be responsible for obtaining the annual financial audit as required by Statute. This audit shall conform with Section 3 of the Governmental Account Audit Act. (75 ILCS 161/30-45)

DUTIES OF THE SECRETARY

The Secretary shall keep the corporate seal of the District and affix it to all documents, the execution of which on behalf of the District under its seal is duly authorized in accordance with ordinances of this District and is required by law. Copies of all papers duly filed with the Secretary, and transcripts from the journals and other records and files of this office, certified by the Secretary under the corporate seal of the District, shall be evidence in all courts in like manner as if the original were produced. (735 ILCS 5/1-109)

The Secretary shall keep and maintain appropriate records for the term in office and shall include a record of the minutes of all meetings, the names of those in attendance, the Ordinances enacted, resolutions, rules and regulations adopted, and all other pertinent written matters as affect the operation of the District. All such records shall be filed in a minute Book that is to be kept in accordance with Statute. Every Ordinance shall contain an effective date, which shall be no later than 60 days after the date of enactment. In addition, every Ordinance shall be posted in a public area of the library building within 3 days after the date of enactment and shall remain posted for 14 days. (75 ILCS 16/1-40) Ordinances shall be numbered serially and identified by such serial number and the date of enactment and shall be published in accordance with Statute.

The Secretary shall be responsible for publishing the annual financial statements and publishing and/or posting notices, ordinances, resolutions, budgets and tax levies, all as required by law. In addition, the Secretary shall administer a written and oral oath of office to newly elected or appointed Trustees. On or before the first day of July each year, the Secretary shall file certification with the County Clerk and the Illinois State Librarian, listing the names and addresses of the Library Trustees and Officers and their respective terms of

office. The Secretary is the local election official and shall perform any such duties as may be assigned by the Board.

DEPOSITORIES

The Treasurer shall deposit all monies belonging to the District in the name of the District in such banks, trust companies or other depositories as shall be selected by the Board of Library Trustees. Any person, entity, or public body or agency possessing District funds, property, or records, shall upon demand by any Trustee, transfer and release the funds, property, or records to the Treasurer. (75 ILCS 16/30-45) (see also Finance and Investment Policy 8/21/2018, in this document)

DISBURSEMENT AUTHORIZATION

At least two signatures shall be required on checks issued from library accounts. Only one signature shall be required on checks issued from the payroll account. Authorization to sign checks shall be in full accordance with Board resolution. No cash disbursements, other than routine payment for books, supplies, salaries, and services within the limits of the annual budget, shall be made without previous authorization from the Board.

BUDGET AND FINANCE

Within the first quarter of each fiscal year, the Board shall prepare a Budget and Appropriation Ordinance for the coming fiscal year, pursuant to Statute (75 ILCS 16/30-85), and shall post the ordinance, publish a notice of hearing, hold a hearing on the ordinance, pass the ordinance in final form, and publish the ordinance, as required by law. Following the publication of the Budget and Appropriation ordinance, and before the first (1st) Tuesday of December, a tax levy ordinance shall be passed pursuant to said Statute. In the event that the levy exceeds 105% of the amount extended upon the levy of the preceding year, the Board shall comply with the Illinois Truth in Taxation Act, which requires a hearing with 7 - 14 days notice prior to adoption of the levy. Said notice shall be in compliance with the law. (IRS Ch. 120-120861 et. seq.) Before the last Tuesday in December, certified copies of the Appropriation and Levy ordinances shall be filed with the County Clerk.

COMPETITIVE BIDDING

In accordance with Statute, the Board shall advertise for bids for constructing a building; remodeling, repairing, or improving an existing library building; erecting an addition to an existing library building; or purchasing the necessary equipment for the library when the cost of any of the projects outlined above is in excess of \$10,000/\$50,000 in some instances as per ILCS. In such instances the Library shall let the contract or contracts to the lowest responsible bidder or bidders. In pursuant to the law, the Board shall require security from the bidders for the performance of the bids determined by the Board. The Board may let the contract or contracts to one or more bidders as they determine. (75 ILCS 16/40-45)

MEETINGS

The Secretary shall be responsible for publication or posting of notices of meetings as required by the Public Library District Act and/or the Open Meetings Act. Executive sessions or closed meetings shall be held only as authorized by Statute. The Board shall, at the beginning of each fiscal year, pass an ordinance specifying the time, place, day and date of all meetings for the coming year, as set forth in 75 ILCS 16/30-50. If the regular meeting date is changed, notice by publication shall be given in accordance with the Open Meetings Act (5 ILCS 120).

As provided by Statute, special meetings may be called by the Secretary at the direction of the President or at the request of four (4) Trustees for the transaction of library business as stated in the call for the meeting. Notice of special meetings shall be in accordance with the Open Meetings Act.

As provided by Statute, a quorum shall consist of four (4) Trustees and a majority of those present shall determine the vote taken on any question, unless otherwise specified. All votes on any question shall be by ayes and nays (yes/no). Absentees and abstentions from voting shall be noted but not counted for or against the question being voted on. A roll call vote shall be required. The order of business for regular meetings shall include, but not be limited to, the following items that shall be covered in the sequence shown so far as circumstances will permit.

<ul style="list-style-type: none"> I. Call to Order II. Roll Call III. Corrections or Additions to the Agenda V. Secretary's Report Minutes of the Previous Meeting(s) VI. Treasurer's Report Financial Reports VII. Public Comment and Visitor Recognition VII. Communications 	<ul style="list-style-type: none"> VIII. Communications IX. Librarian's Report X. Committee Reports XI. RAILS Report XII. Executive Session, if required XIII. Unfinished Business XIV. New Business XV. All Other Business which may Properly Come Before the Board XVI. Adjournment
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Currently, there are no standing committees - all committees are "ad hoc" - as needed. But there may be one or more standing committees of the Board of Library Trustees, such as:

Budget, Finance and Salaries Building, Grounds and Insurance Policy and Legislation, Long Range Planning, Public Relations, and Automation.

Special committees (referred to as ad hoc committees) may be set up for specific purposes as the business of the Board may require from time to time. The committee shall be considered discharged upon the completion of the purpose for which it was appointed and after the final report is made to the Board. Each Chair of any standing/ad hoc committee plus any members of those committees shall be appointed by the President with the approval of the Board. Vacancies on committees shall be filled by the President with the approval of the Board. Terms of all committee members shall expire on the 30th day of April of each election year. No committee will have other than advisory power unless, by suitable action of the Board, it is granted specific power to act.

MEETING ATTENDANCE VIA ELECTRONIC MEANS

(adopted 1/15/2011)

Pursuant to the Illinois Open Meeting Act, 5 ILCS 120/7, Library Trustees are permitted to attend library board meetings by means other than physical presence. Under the Open Meetings Act, the definition of "Meeting" includes "any gathering, whether in person or by video or audio conference, telephone call, electronic means (such as e-mail, chat, instant messaging, skype, cell phone video chat, etc.) or other means of contemporary interactive communication, consisting of a majority quorum of the members of that public body, physically on-site.

Prerequisites, Requirements, Rules and Rights:

Any member of the library board may attend a meeting electronically if the member meets the following conditions:

- A quorum of the members is physically present throughout the meeting
- A majority of those members physically present votes each time in favor of allowing electronic attendance to occur. The availability of working equipment, operating difficulties and communication/technical issues may result in denial of such a request or inability to provide that service even though a 'yes' vote occurred.
- Physical attendance is required unless the trustee can meet one or more of the following conditions: personal illness or disability; employment issues or due to a family, personal or other emergency. Convenience is not listed as a condition.

The library board secretary shall notify all the board members of the request for electronic attendance.

After a roll call establishes a quorum being physically present, a motion must be made allowing the electronic attendance with a majority of the physical members agreeing to allow the procedure and the equipment being available and working properly. Any member participating electronically shall be considered an off-site participant and the meeting minutes will reflect that fact as well as the means of communication.

A board member participating electronically is afforded all of the same rights as board members physically participating as well as being held to the same laws, standards of conduct, Robert's Rules of Order and voting procedures.

ETHICAL PRACTICES

Section 1 - Definitions

For purposes of this ordinance, the following terms shall be given these definitions:

"*Campaign for elective office*" means any activity in furtherance of an effort to influence the selection, nomination, election, or appointment of any individual to any federal, State, or local public office or office in a political organization, or the selection, nomination, or election of Presidential or Vice-Presidential electors, but does not include activities relating to the support or opposition of any executive, legislative, or administrative action, (ii) relating to collective bargaining, or (iii) that are otherwise in furtherance of the person's official duties.

"*Candidate*" means a person who has filed nominating papers or petitions for nomination or election to an elected office, or who has been appointed to fill a vacancy in nomination, and who remains eligible for placement on the ballot at a regular election, as defined in section 1-3 of the Election Code (10 ILCS 5/1-3). "Collective bargaining" has the same meaning as that term is defined in Section 3 of the Illinois Public Labor Relations Act (5 ILCS 315/3).

"*Compensated time*" means, with respect to an employee, any time worked by or credited to the employee that counts toward any minimum work time requirement imposed as a condition of his or her employment, but for purposes of this Ordinance, does not include any designated holidays, vacation periods, personal time, compensatory time off or any period when the employee is on a leave of absence. With respect to officers or employees whose hours are not fixed, "compensated time" includes any period of time when the officer is on premises under the control of the employer and any other time when the officer or employee is executing his or her official duties, regardless of location.

"*Compensatory time off*" means authorized time off earned by or awarded to an employee to compensate in whole or in part for time worked in excess of the minimum work time required of that employee as a condition of his or her employment.

"Contribution" has the same meaning as that term is defined in section 9-1.4 of the Election Code (10 ILCS 5/9-1.4).

"*Employee*" means a person employed by the [name of entity], whether on a fulltime or part-time basis or pursuant to a contract, whose duties are subject to the direction and control of an employer with regard to the material details of how the work is to be performed, but does not include an independent contractor.

"*Gift*" means any gratuity, discount, entertainment, hospitality, loan, forbearance, or other

tangible or intangible item having monetary value including, but not limited to, cash, food and drink, and honoraria for speaking engagements related to or attributable to a government employment or the official position of an officer or employee.

"*Leave of absence*" means any period during which an employee does not receive (i) compensation for employment, (ii) service credit towards pension benefits, and (iii) health insurance benefits paid for by the employer.

"*Officer*" means a person who holds, by election or appointment, an office created by statute or ordinance, regardless of whether the officer is compensated for service in his or her official capacity.

"*Political activity*" means any activity in support of or in connection with any campaign for elective office or any political organization, but does not include activities (i) relating to the support or opposition of any executive, legislative, or administrative action, (ii) relating to collective bargaining, or (iii) that are otherwise in furtherance of the person's official duties.

"*Political organization*" means a party, committee, association, fund, or other organization (whether or not incorporated) that is required to file a statement of organization with the State Board of Elections or a county clerk under Section 9-3 of the Election Code (10 ILCS 5/9-3), but only with regard to those activities that require filing with the State Board of Elections or a county clerk.

"*Prohibited political activity*" means:

- (1) Preparing for, organizing, or participating in any political meeting, political rally, political demonstration, or other political event.
- (2) Soliciting contributions, including but not limited to the purchase of, selling, distributing, or receiving payment for tickets for any political fundraiser, political meeting, or other political event.
- (3) Soliciting, planning the solicitation of, or preparing any document or report regarding anything of value intended as a campaign contribution.
- (4) Planning, conducting, or participating in a public opinion poll in connection with a campaign for elective office or on behalf of a political organization for political purposes or for or against any referendum question.
- (5) Surveying or gathering information from potential or actual voters in an election to determine probable vote outcome in connection with a campaign for elective office or on behalf of a political organization for political purposes or for or against any referendum question.
- (6) Assisting at the polls on election day on behalf of any political organization or candidate for elective office or for or against any referendum question.
- (7) Soliciting votes on behalf of a candidate for elective office or a political organization or for or against any referendum question or helping in an effort to get voters to the polls. (8)

Initiating for circulation, preparing, circulating, reviewing, or filing any petition on behalf of a candidate for elective office or for or against any referendum question.

(9) Making contributions on behalf of any candidate for elective office in that capacity or in connection with a campaign for elective office.

(10) Preparing or reviewing responses to candidate questionnaires.

(11) Distributing, preparing for distribution, or mailing campaign literature, campaign signs, or other campaign material on behalf of any candidate for elective office or for or against any referendum question.

(12) Campaigning for any elective office or for or against any referendum question.

(13) Managing or working on a campaign for elective office or for or against any referendum question.

(14) Serving as a delegate, alternate, or proxy to a political party convention.

(15) Participating in any recount or challenge to the outcome of any election.

"Prohibited source" means any person or entity who:

(1) is seeking official action (i) by another trustee or by an (ii) by an employee;

(2) does business or seeks to do business with another trustee operating outside of the scope of bid laws governing the purchase of goods and services in the State of Illinois;

(3) conducts activities regulated (i) by the officer or (ii) by an employee, or by the officer or another employee directing that employee; or

(4) has interests that may be substantially affected by the performance or non-performance of the official duties of the trustee.

Section 2 - Prohibited Political Activities

Section 5-1. Prohibited political activities. (a) No trustee shall intentionally perform any prohibited political activity during any compensated time, as defined herein. No trustee shall intentionally use any property or resources of the McHenry Public Library District in connection with any prohibited political activity.

(b) At no time shall any trustee intentionally require any other trustee or library employee to perform any prohibited political activity (i) as part of that officer or employee's duties, (ii) as a condition of employment, or (iii) during any compensated time off (such as holidays, vacation or personal time off).

(c) No trustee shall be required at any time to participate in any prohibited political activity in consideration for that trustee being awarded additional compensation or any benefit, whether in the form of a salary adjustment, bonus, compensatory time off, continued employment or otherwise, nor shall any trustee be awarded additional compensation or any benefit in consideration for his or her participation in any prohibited political activity.

(d) Nothing in this Section prohibits activities that are permissible for a trustee to engage in

as part of his or her official duties, or activities that are undertaken by a trustee on a voluntary basis which are not prohibited by this Ordinance/Bylaws.

(e) No person either (i) in a position that is subject to recognized merit principles of public employment or (ii) in a position the salary for which is paid in whole or in part by District/public funds shall be denied or deprived of employment or tenure solely because he or she is a member or an officer of a political committee, of a political party, or of a political organization or club.

Section 3 - Gift Ban

Section 10-1. Gift ban. Except as permitted by this Article, no trustee, spouse or immediate family member living with any trustee (collectively referred to herein as "recipients"), shall intentionally solicit or accept any gift from any prohibited source, as defined herein, or which is otherwise prohibited by law or ordinance.

Section 3. Exceptions.

(1) Opportunities, benefits, and services that are available on the same conditions as for the general public.

(2) Anything for which the recipient pays the fair market value.

(3) Any contribution that is lawfully made under the Election Code or (ii) activities associated with a fundraising event in support of a political organization or candidate.

(4) Educational materials and missions.

(5) Travel expenses for a meeting to discuss business.

(6) A gift from a relative, meaning those people related to the individual.

(7) Anything provided by an individual on the basis of a personal friendship unless the recipient has reason to believe that, under the circumstances, the gift was provided because of the official position or employment of the recipient or his or her spouse or immediate family member and not because of the personal friendship. In determining whether a gift is provided on the basis of personal friendship, the recipient shall consider the circumstances under which the gift was offered, such as: (i) the history of the relationship between the individual giving the gift and the recipient of the gift, including any previous exchange of gifts between those individuals; (ii) whether to the actual knowledge of the recipient the individual who gave the gift personally paid for the gift or sought a tax deduction or business reimbursement for the gift; and (iii) whether to the actual knowledge of the recipient the individual who gave the gift also at the same time gave the same or similar gifts to other officers or employees, or their spouses or immediate

family members.

(8) Food or refreshments not exceeding \$75 per person in value on a single calendar day;

provided that the food or refreshments are consumed on the premises from which they were purchased or prepared or (ii) catered. For the purposes of this Section, "catered" means food or refreshments that are purchased ready to consume which are delivered by any means.

(9) Food, refreshments, lodging, transportation, and other benefits resulting from outside

business or employment activities, if the benefits have not been offered or enhanced because of the official position or employment of the officer or employee, and are customarily provided to others in similar circumstances.

(10) Intra-governmental and inter-governmental gifts. For the purpose of this Act, "intra-governmental gift" means any gift given to an officer or employee from another officer or employee, and "inter-governmental gift" means any gift given to an officer or employee by an officer or employee of another governmental entity.

(11) Bequests, inheritances, and other transfers at death.

(12) Any item or items from any one prohibited source during any calendar year having a cumulative total value of less than \$100.

Each of the exceptions listed in this Section is mutually exclusive and independent of every other.

Disposition of gifts. A board of trustee or his/her immediate family member living with the officer or employee, does not violate this Ordinance if the recipient promptly takes reasonable action to return a gift from a prohibited source to its source or gives the gift or an amount equal to its value to an appropriate charity that is exempt from income taxation under Section 501 (c)(3) of the Internal Revenue Code of 1986, as now or hereafter amended, renumbered, or succeeded.

Section 4 – Ethics Advisor

The Library Board President of the McHenry Public Library shall serve as the Ethics Advisor for the Board and consult in all matters dealing with ethics conflicts.

Section 5 – Consequences for Illegal Activity

The Ethics Advisor will bring the matter to the ad hoc "Ethics Advisory Committee" for discussion and resolution within a special executive session of a regularly scheduled board

meeting. The person or persons found to have engaged in these unethical practices will be asked to return of such gifts and services. In some cases, legal authorities will be contacted and the judicial system asked to mediate the situation that may result in the termination of the individual as a board member as well as fines/jail sentence in accordance with Federal and Illinois laws.

These bylaws may be amended by the majority vote of all members of the board, provided the amendment is proposed at any regular meeting of the Board of Library Trustees and is adopted at the next succeeding regular meeting

FINANCE AND INVESTMENT POLICY

(8/21/2018 revision, rescinding and replacing Ordinance No. 2010/2011-2, enacted 8/21/2018)

The McHenry Public Library District (hereafter called the MPLD or the Library) has adopted this policy to clarify various budgeting and accounting principles as well as investment strategies within its finance and budgeting structure that are not specifically denoted in 75 (Illinois Codified Statutes, here after referred to as ILCS -16/30-65-16/35-40). While the MPLD Board (hereafter, referred to as the Board) has purview over these policies related to internal accounting, banking and auditing practices, they give daily procedural oversight to the Executive Director, Assistant Director and Business Manager.

Role of Budgeting Related to the Fiscal Year and Strategic Plan

The Strategic Plan should dictate the direction and focus of spending for the budget within any year – meaning that various projects, capital expenditures, personnel costs, equipment upgrades, etc. should be planned for and budgeted in-kind. A list of anticipated major capital expenditures and personnel expenditures shall be presented with every fiscal year (FY) budget so the budget can have specific achievement 'target' points and concrete goals.

Financial Management

The Library's fiscal year (FY) shall be from July 1st to June 30th. Financial resources are ultimately the responsibility of the Board, who elect a Treasurer but give the day-to-day responsibility of fiscal operations/bill paying to the Executive Director who in turn gives direction to the Business Manager. The Board shall do the following:

- Have a clear plan for acquisition and sustainability of financial resources to pay for programs, services, technology and staff that follow the goals/objectives outlined in the strategic plan;
- Monitor and evaluate the financial plans and guidelines of the Library to ensure its' financial integrity, providing optimum benefit for the taxpayers
- Make sure that fiscal management is checked by an approved accounting firm and that an annual audit is conducted per ILCS code and GSAB requirements, including retirement (IMRF).

Budget

Each year, typically in March/April, an annual operating budget shall be prepared by the Executive Director under the supervision/knowledge of the Board. Within this context, the Board typically operates as a Committee of the Whole but can authorize either a 'standing' or 'free' committee to work with the Executive Director on the budget. Typically, the Executive Director uses fiscal information from the previous year's budget, as well as information from the last 2-3 months of bills/financial statements as a starting point. The McHenry County Clerk's Office provides various information regarding the PTELL (Property Tax Extension Limitation Law, 35 ILCS 200/18-185), total tax amount to be received (Levy Confirmation and \$ Projection for Extension), calendar of distributions (from 1-15 distributions, depending upon County calendar + final settlement sheet) and other documents – some of which must be signed and returned to the Clerk's office by the Executive Director. The Executive Director also seeks program/equipment/supplies information from all Dept. Managers. Working with the Business Manager, the Executive Director provides a working budget showing last year's actual spending; this year's appropriation, levy and actual spending amounts.

All dates of preparation/passage are denoted in the ILCS and are accomplished by Ordinance, with publication and hearings where appropriate and dictated. All documents are publically accessible through a Freedom of Information Act (FOIA) request. The MPLD follows a strict budget and associated timeline for publishing/adopting the budget that falls within a FY April – October planning timeframe.

Levy and Appropriation

The Levy and Appropriation are part of the overall budget process. According to the ILCS, the MPLD falls under a tax-capping law called the (PTELL). This means that, each year, the Library is limited to a maximum property tax increase less than or equal to the amount of the Consumer Price Index from the year prior or 5%, whichever is less. The Levy and Appropriation are part of the overall budget sequence of documents regulated by the ILCS, requiring public hearings, publication in the largest newspaper of circulation and other requirements based upon the amount of increase/request. The budget can be amended by Board vote under three different circumstances:

- 1) The Library enters into contracts that were not included in the approved budget;
- 2) The Library proposes a major expenditure that was not included in the approved budget. Most often, this expenditure is the result of a catastrophe such as a flood, fire, tornado, etc.
- 3) Significant unanticipated revenues are received (such as a major gift, establishment of a Tax Increment Finance (TIF) District, substantial new residential/commercial building, new annexed property, etc., or expenses are higher than originally projected.

Emergency Expenditures

The Executive Director is authorized to approve any expenditures necessary for the day-to-day operations of the Library as long as they fall within the parameters of the current, approved FY budget (approved by the Board and Ordinance). But there are times – emergencies and other contingency instances – that require a disbursement of funds not defined/budgeted within the parameters of the current budget. An emergency is defined as ‘an unforeseen event that threatens the safety of the public, staff, building or vehicles/equipment.’ Dollar limits are as follows:

Executive Director - \$25,000 (ILCS \$ limit subject w/o bid)

Use of this emergency fund is subject to the approval of the Board President but may be done after-the-fact in cases of dire emergency when the Board President cannot be reached. Note that any expenditure above the \$25,000 (total) amount must be approved by the Board in advance, either in a special or regular meeting and they require bids as per ILCS bid laws. Whenever possible, however, competitive price quotes should be obtained, even if bidding is NOT required by law.

Measurement/Reporting, Focus, Basis of Accounting and Presentation

The accounting system used by the MPLD shall utilize 'generally accepted accounting principles' (GAAP) that are required by regulatory agencies for governmental units. GASB (Governmental Accounting Standards Bureau) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Library hires a Business Manager who utilizes a computerized accounting software program to do daily accounting, bill paying and reporting. As a normal course of events, bills are paid monthly before the regular Board meeting. All bills are scrutinized and offered as a Consent agenda, but, at any time, any bill can be removed from this agenda and considered separately. The Consent agenda (and individual bills, when separated) must be approved by the Board in order to be paid monthly. All checks require two (2) authorized signatures (board officers, Executive Director, Assistant Director authorized to sign checks). Bills, monthly accounting statements, balance sheets and other financial documents are checked by the Business Manager in association with our accounting firm each month. The Library uses a cash system basis for daily reporting but the accounting firm reports, balance sheets and other documents use a modified accrual basis - (meaning that revenues are recognized when susceptible to accrual, i.e. 'measurable and available'). This is due to the fact that expenditures often exceed our income from month-to-month because of the calendar-flow of income receipts. The accounting practices and procedures used by the Library shall allow for adequate management of revenues and expenditures as well as providing adequate monitoring and checks/balances by the Board and outside accountants/auditors. "Measurable" means the amount of the transactions can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities for the current period. As a normal course of events, expenditures are recorded when the fund liability is incurred. Income is recorded in similar fashion as some income (such as fines/fees) accumulates daily/monthly and other income (such as interest, property tax revenue and grant monies) occurs quarterly or at irregular intervals. Expenditure-driven grants are recognized as revenue when the qualifying elements and expenditures have been met/incurred.

Funds and Fund Balances

The MPLD is committed to responsible accounting of all public funds and that those funds are expended on providing library services to the community. In a given fiscal year, the

Board makes every effort to use funds as budgeted and any excess funds will be classified in the manner determined by this policy.

Fund Balances (revenue minus expenditures) will be classified into one of five (5) categories as described below. Although not inclusive, Fund Balances may be used for cash flow requirements, projected building and grounds maintenance and improvement needs, projected technology requirements, special projects and other purposes to insure a fully operational library. The division of these funds will be decided upon and approved by the Board as part of the annual budget process.

1) *Nonspendable Fund Balance* – amounts that are not in a spendable form (such as inventory and pre-paid expenses) or are required to be maintained intact.

2) *Restricted Fund Balance* – amounts constrained to specific purposes by their providers (such as grantors, bondholders, higher levels of government) or by enabling legislation.

3) *Committed Fund Balance* – amounts constrained to specific purposes by formal action of the Board. These amounts cannot be used for any other purpose unless the Board takes the same action to remove or change the constraint.

4) *Assigned Fund Balance* – amounts the Library intends to use for a specific purpose. The authority to assign these fund balances is designated to the Executive Director with input from the Assistant Director and the Business Manager.

5) *Unassigned Fund Balance* – amounts that are not any of the above and are available and expendable for any General Fund purpose. It is recommended that, from the Total Fund Balance, the Library will set aside a minimum fund balance (reserves) of 30% to 50% of the previous year's total final actual expenditures. This amount will be placed (assigned) in the Special Reserve/Building Fund.

The Library will spend the most restrictive fund balances first and in the following order:

1. Restricted; 2. Committed; 3. Assigned; 4. Unassigned. Committed fund balances will be designated by formal action by the Library Board. Assigned fund balances can be designated by the Executive Director with approval from the Board. Unassigned fund

balances are available and expendable for any library purpose but usually, with the full knowledge and approval of the Library Board, before use.

Each fiscal year, for presentation to the Board, and coinciding with the presentation of the annual budget, the Executive Director, Business Manager and Board Treasurer will prepare a status report of the Fund Balances along with the annual budget and associated documents.

Special/Reserve Fund

The Library maintains a working capital reserve, known as the Special/Reserve Fund in accordance with 75 ILCS 16/40-50

Measurement Focus, Basis of Accounting and Basis of Presentation

The accounts of the Library are organized and operated on the basis of assigned funds – revenues and expenditures. The Library maintains 3 funds (General, Grant & Gift, Reserve/Building Fund). Within those 3 funds the operating budget – both revenues and expenditures are delineated annually and further divided into smaller accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. At the close of the fiscal year, the MPLD Board may authorize the transfer of any and all excess monies from the General Operating Fund to the Special Reserve Fund. The amount of the transfer shall be determined by examining the amounts left over in the other two (2) funds, determining remaining expenditures and considering future building/expansion plans. As a general rule, if the 'aggregate/remainder amount' in the two funds is greater than/equal to 40% of last year's total budget, a transfer to the Special Reserve Fund is an option.

Financial Reports and Audits

Throughout any fiscal year, the Library manufactures various financial reports for monthly board meetings. As per 75 ILCS 16/30-65, the Library outsources an annual fiscal audit for the fiscal calendar year just ended (July 1 – June 30) from an independent entity other than its' accounting firm. The Executive Director, Business Manager and Treasurer are involved in audit preparation and approval and the audit is formally adopted via Board

action. The scope of the audit shall be determined by the Board and the independent auditor from year-to-year, dependent upon fiscal focus, previous deficiencies, new laws or concerns and other factors. As a normal course of events at monthly board meetings, the fiscal documents include, but are not limited to the following items: Balance sheet of all funds; complete list of bills with vendors/amounts and credit card bill list.

Disbursements and Checks

Disbursements for each month are approved at each Board meeting before checks are distributed/mailed to vendors. In reality, some payments to regular vendors, such as utility companies and insurance are pre-issued prior to the Board meeting but approved during the meeting and can be rescinded if necessary. The MPLD does not use Purchase Orders (P.O.s). Each disbursement must be supported by an invoice, internal voucher/credit card statement or other evidence supporting the propriety of the disbursement, signed by a staff member making that purchase. Travel reimbursements are always signed by the staff member, Department Head and the Executive Director. All signed invoices (1 copy) are kept/retained by the Business Manager in accordance with the Illinois Archives Records Retention Act. This bill/invoice record is distributed to the Board at each monthly meeting. Checks are signed by two board officers or one board officer and either the Executive Director or the Assistant Director. A quorum of the Board members present at any regular meeting must review the bills and vote on them as a whole (now presented as a consent agenda) or considered individually and approve them. It is the responsibility of the Executive Director to ensure that the signatures are procured from the appropriate signatories so that payments can be expedited. It is also the responsibility of the Executive Director to establish adequate controls and safeguards to ensure disbursement of funds only for proper purposes. Additionally, it is the responsibility of all check signers to ensure that there is adequate documentation, consistent with this policy, for valid payment of any checks they sign (meaning that, if they question a bill, the Board asks for invoice documentation, travel requests, etc.)

Spending Authorizations

The Executive Director may make expenditures consistent with the Board-approved budget without further Board approval. However, expenditures which are not within the Board approved budget must be formally presented and approved by the Board of Trustees during a regular meeting.

Investment and Cash Management

The purpose of this section is to guide investments and cash management – securing monies for the future and to ensure longevity of the Library. This section also states a clear and concise roadmap for the Library's investment objectives, defines Board responsibilities and identifies target asset allocations, permissible investments and fund diversification requirements. Note that investment of funds is covered under 75 ILCS 16/30 55.75 as well as the Public Funds Investment Act (PA 87-1277).

Investment Selection, Options and Prudence

The overall investment objective of the Library is to maximize the return on invested assets while minimizing risk and expenses as well as having sufficient liquidity. No investment of funds will place the Library in a negative cash flow or be placed in an instrument which does not guarantee a return of at least the total original amount invested. The Library must have enough funds available to cover 6 (six) months of expenditures without revenue from an outside source – preferably 1 (one) year. Using a cash management strategy consisting of interest-bearing accounts and bond investments plus incorporating 'laddering' of investments with portfolios becoming due on differing dates and then re-investing those funds to maximize growth potential is one strategy that may be used. Additionally, any funds invested must be FDIC-insured, collateralized or otherwise insured for their full value – no speculative investments or real estate, other than owned for day-to-day business. The entire investment portfolio shall be diversified in terms of types of financial instruments and varied/staggered dates of maturity so as to eliminate risk of loss and strengthen liquidity for possible re-investment or use. Additionally, on an annual basis, the Board will review the nature and purpose of all investments and re-evaluate them.

Diversification

Except for monies set aside for operating expenses, the Board may invest in any of the following types of investment instruments:

- 1) Interest bearing savings accounts; certificates of deposit, money market accounts and other investments constituting direct obligations of any bank that is FDIC or SIPC insured.
- 2) Direct obligations of the federal government and any agencies thereof with maturities of (1) one year or less;

- 3) The Illinois Funds;
- 4) Other municipal bond funds or funds presented in a ladder fashion with preset maturity dates utilizing either a roll-over, roll-into, or 'cash-out' option.
- 5) Some stock funds and mutual funds may be considered as options if they are easily convertible to cash and do not carry high agent fees.

Investments shall be made with the judgment and care under the circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own investment assets considering the probable preservation of capital as well as the potential income. This 'prudent person' standard shall be used by the Executive Director and the Board in all investment decisions for the Library.

Internal Controls and Reporting

Working with the Business Manager and the Auditors, the Executive Director shall establish a system of internal controls, documented in writing, which will prevent losses of public funds arising from fraud, employee error, misrepresentation by third parties, unanticipated changes in financial markets, or imprudent actions by authorized investment officers. Reporting and internal controls exist using different audit firms than our accounting firm and performing through annual audits. The Business Manager will complete having separate annual audits for regular financials and IMRF (Illinois Municipal Retirement Fund) - (or as required by ILCS or GASB). The Board will also carry comprehensive liability insurance and officers bonds for theft and mis-use of funds. The Executive Director will develop comprehensive procedures for financial review, reviewing all funds/budget at least twice (2x) per year.

Ethics and Conflicts of Interest

Authorized investment officers of the Library and employees in policy-making positions shall refrain from personal business activity that could conflict, or give the appearance of a conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Such individuals shall disclose to the Library any material financial interests in financial institutions which conduct business with the Library, and they shall further disclose any personal financial investment positions that could be related to the performance of the investment portfolio. In addition, such

individuals shall subordinate their personal investment transactions to those of the investment portfolio, particularly with regard to the time of purchases and sales.

PUBLIC PARTICIPATION AND COMMENT AT MEETINGS

(approved 4/2011)

Pursuant to 5 ILCS 120/2.06(g), the McHenry Public Library District (MPLD) encourages and welcomes public participation and input at all meetings open to the public and will allow any interested individual to speak at those meetings pursuant to the guidelines outlined in this policy. The purpose of this policy is to provide all community members the freedom to express their opinions within a structured environment that permits such discourse while simultaneously allowing sufficient time for the library board to conduct regular business in an efficient and effective manner.

Therefore, during each meeting, where appropriate and dictated by law, a period not to exceed 15 minutes will be devoted to concerns present by the public. Before speaking at a library open board meeting, concerned citizens are urged to seek solutions to their concerns through appropriate administrative channels first.

The following guidelines shall govern members of the public who intend to speak at a MPLD open board meeting:

1. Members of the public wishing to attend a library board meeting and/or speak at that meeting are requested to sign in (sign-up sheet provided) with the administrative assistant or board secretary before the start of the meeting. The individual should state full name, local address and topic on which they wish to speak. Members of the public will not be allowed to discuss personnel issues or confidential patron matters. No public comment will be heard on behalf of or opposed to a candidate for public office nor on any other matter covered under the closed/executive session of the Open Meetings Act.
2. Public participation and comment will be permitted only during the "*Public Comment and Visitor Recognition*" portion of the regular meeting agenda.
3. The board President will invite public comment, calling each person by name who has signed the form (1), taking people in order of signature relative to the order of business on the agenda or as set by the board as part of the meeting.
4. The time allowed for each person to speak will be not more than five (5) minutes unless

the board President grants a time extension. The board President may extend the segment of time and thus the time allotment of each speaker by stating those rules at the outset of the meeting.

5. Speakers must identify themselves, their residence address, topic(s) and group affiliation, if any, before speaking.

6. Speakers may provide written copies of their remarks to the board and they will be entered into the official meeting record, becoming part of the public meeting and, as such, fall under all Open Meeting and Freedom of Information (FOI) inquiries.

7. Groups of people attending for the same purpose are requested to designate a single spokesperson.

8. Members of the MPLD board will generally not respond to or debate comments from speakers but may feel compelled to do so, relative to the issues presented. Issues requiring possible action by the MPLD board or Executive Committee may be added to a future library board meeting. Additionally, the board may direct the Library Executive Director or appropriate staff member to address the issue by way of review.

9. All board business will be regulated by any and all laws covering the meeting at that time inclusive of the following: the Open Meetings Act, various laws dictating powers provided the Board through the *ILCS* and by procedures dictated by *Robert's Rules of Order*, as well as the current *MPLD Board By-Laws*.

10. Abusive, profane, frivolous, harassing and/or repetitive comments and/or personal attacks will not be permitted and shall promptly be ruled out of order by the library board President or other presiding officer.

11. Individuals addressing a MPLD board meeting must adhere to these policies and other associated rules dictating the form of board meetings at all times.

The MPLD Board vests in the President or presiding officer the authority to terminate the remarks of any speaker failing to adhere to the above guidelines.

MCHENRY PUBLIC LIBRARY DISTRICT

BOARD MEMBER CODE OF ETHICS

(adopted 2/2008)

As a member of the board I will:

- listen carefully to my teammates, and the constituents I serve.
- respect the opinion of my fellow board members.
- respect and support the majority decisions of the board.
- recognize that all authority is vested in the board when it meets in legal session and not with individual board members.
- keep well-informed of developments that are relevant to issues that may come before the board.
- participate actively in board meetings and actions.
- call to the attention of the board any issues that I believe will have an adverse effect on the agency or our constituents.
- attempt to interpret the needs of constituents to the agency and interpret the action of the agency to its constituents.
- refer constituent or staff complaints to the proper level on the chain of command.
- recognize that the board member's job is to ensure that the agency is well-managed, not to manage the agency.
- vote to hire the best possible person to manage the agency.
- represent all constituents of the agency and not a particular geographic area or special interest groups.
- consider myself a "trustee" of the library and do my best to ensure that the agency is well maintained, financially secure, growing and always operating in the best interests of constituents.
- always work to learn more about the board member's job and how to do the job better.
- declare any conflicts of interest between my personal life and my position on the agency board, and avoid voting on issues that appear to be a conflict of interest.

As a member of the board I will not:

- be critical, in or outside of the board meeting, of fellow board members or their opinions.
- use the agency or any part of the organization for my personal advantage or the personal
- advantage of my friends or relatives.

- discuss the confidential proceedings of the board outside the board meeting.
- promise prior to a meeting how I will vote on any issue in the meeting.
- interfere with the duties of the executive or undermine the executive's authority.

MCHENRY PUBLIC LIBRARY DISTRICT

ETHICAL PRACTICES POLICY AND CONFLICT OF INTEREST/DUALITY DISCLOSURE STATEMENT

- Any duality of interest or possible conflict of interest on the part of any board member should be disclosed to other board members and made a matter of record, either through an annual procedure or when the interest becomes a matter of board action.
- Any board member having a duality of interest or possible conflict of interest on any matter should not vote or use his/her personal influence on the matter, and he/she should not be counted in determining the quorum for the meeting, even where permitted by law. The minutes of the meeting should reflect that a disclosure was made, the abstention from voting, and the quorum situation.
- The foregoing requirements should not be construed as preventing the board member from briefly stating his/her position regarding any matter brought before the board for discussion, nor from answering pertinent questions of other board members since his/her knowledge may be of great assistance.
This statement will be reviewed annually for the information and guidance of board members, and that any new board member be advised of the policy upon entering on the duties of his/her office. The Board President will serve as the Ethics advisor and is charged with the oversight of the Ethical Practices Policy of which the Conflict of Interest Disclosure is a part.

Ethical Practices Policy and Conflict of Interest Disclosure Statement

I have read and am familiar with the McHenry Public Library District's Ethical Practices Policy and the Conflict of Interest/Duality Disclosure Statement and have initialed each paragraph below.

During the year _____ neither I nor, to the best of my knowledge, any member of my family has had an interest or taken any action which would contravene the above policies except such interest or action which is fully disclosed below:

Signature: _____ Printed Name: _____

Position: _____ Date: _____