



# Policy Manual

## FINANCIAL PLAN

### Policy A1: Administrative

#### **NPL Mission**

The Novi Public Library provides the resources and programs to support the educational, cultural, informational and recreational needs of its diverse community.

#### **Purpose, Scope and Objectives**

The purpose of the Financial Plan is to help the Library conduct library operations in a fiscally responsible way, document the Library's fiscal strategies, and focus its efforts toward future financial goals as outlined in the Library's Strategic Plan. It is the policy of the Library to depend on the City of Novi to invest library funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow needs of the Library and comply with all state statutes governing the investment of public funds. This policy applies to all financial assets of the Library.

#### **Financial Assumptions**

While the Library's general goals and objectives are concerned with programs, services, technology, and staff development, its financial goals and objectives are concerned with the funding to provide these library services.

It is assumed that financial stability is a function of adequate and dependable revenues from diverse sources. As a public service organization, most of these revenues should provide benefits and services to the citizens; however, some fund balances are allocated to reserves to cover unexpected expenses, such as automation upgrades, revenue shortfalls or unbudgeted expenses. It is assumed that no sudden major changes will take place that will substantially change the revenue sources or governing structure of the Library.

The Novi Public Library Board of Trustees is committed to evaluating the various areas of expenses in advance of the needs arising:

- Major facility expenses (replacement carpet, roof, HVAC, parking lot, etc.)
- Automation system in association with The Library Network
- Automated Check-in System
- Patron self-checkout equipment
- Updating patron and office technology
- Appropriate staffing levels

Each year, as part of the budgeting process with the Library Director, various areas of expenses are evaluated. The Library Board of Trustees serves as fiduciary managers, therefore, giving library administration direction and determining the right balance between expenditures and service levels.

#### Sources of Funding

The primary source of operating funds for the Library is a 1 mil, Headlee-reduced property tax collected in Novi. The Board recognizes that property tax funding fluctuates with changes in the economy, variations in taxable valuations and development within the library service area.

#### Additional revenue sources come from:

- Penal fines
- Annual direct mail appeal to current donors within the library service area
- Friends of the Novi Public Library
- Bequests, gifts
- Grants
- Fines and fees
- State Aid
- Fundraising efforts
- Facility space rentals (Meeting Rooms and Café)

#### **Financial Principles**

The Library primarily operates on a cash accounting system with the exceptions of unrealized gain or loss on investments, accrued interest and deferred tax revenues. The Library recognizes and records transactions when cash is received or disbursed. Bills are paid on original invoices only and are paid as close to the invoice due date as possible while taking into consideration the Library's business cycles and the City of Novi's council meeting schedule.

Donated or contributed funds may be restricted for specific designated library service-related purposes by the Donor, for which the Library (and Board) will honor and ensure proper fund expenditure.

Strategy for increased financial stability would include:

- Have at least 8% of Library revenue in all funds come from non-tax related sources
- Continue to pursue grants to augment library programs and services
- Seek corporate partnerships and/or sponsorships

Conservation of resources can be achieved through cost containment measures such as:

- Monitoring staffing patterns to ensure that work is getting done in the most cost-effective ways possible
- Seeking new technologies to increase staff output, carefully monitoring budget performance reports to ensure accuracy and timeliness
- Periodic reviews of internal controls

Financial statements will be prepared on a timely, recurring bases by the City of Novi, and will be reviewed by the Library Director and Board of Trustees on an on-going basis to ensure budgetary compliance.

Approved: November 28, 2012

Signed:

A handwritten signature in black ink, appearing to read "Mark A. Sturing". The signature is written in a cursive, flowing style.

Mark A. Sturing  
President  
Novi Public Library Board of Trustees