

**FINANCIAL PLAN FOR THE
ROCHESTER HILLS PUBLIC LIBRARY
December 2014**

RHPL Mission

The Rochester Hills Public Library (RHPL) provides resources to inform, educate, enlighten and entertain the people of our community.

Purpose

The Financial Plan helps the library operate in a fiscally responsible way, documents fiscal strategies, and focus its efforts toward financial goals, while complying with all state statutes. Safety of principal is the foremost objective of the financial plan.

This plan applies to all financial assets of the library. Library assets include the self-insurance, operating, plant, roof and named endowment funds and any other funds established by the board.

Financial Assumptions

It is assumed that financial stability is a function of adequate and dependable revenues from diverse sources. As a public service organization, the library uses some of these revenues to provide benefits and services to the citizens; however, some fund balances are allocated to cover unexpected expenses and revenue shortfalls.

In order to insure that sufficient funds are available, the board has identified the following potential uses of the fund balance including, but not limited to:

- Facility expenses,
- Technology upgrades, and
- Self-insurance funds.

Each year, as part of the budgeting process, fund levels are evaluated.

Long-term Commitments

An agreement was signed with the Rochester Downtown Development Authority (DDA) in 1992 related to its gift of \$2.5 million for the purchase of property within the downtown district. This agreement provides for a reimbursement to the DDA for their portion of the construction project,

prorated over a 30-year period, if the existing site and building are no longer used for library purposes.

Sources of Funding

The primary source of operating funds for the library is a one (1) mil, Headlee-reduced property tax collected in Rochester Hills. The voters of Avon Township (now Rochester Hills) approved one (1) mill in perpetuity for library operation in 1924. Additional revenue is generated through contracts with Oakland Township and the City of Rochester equivalent to one (1) mil Headlee reduced.

Additional revenue sources come from:

- A service contract with Oakland County for the OTBS@RHPL,
- Friends of the Rochester Hills Public Library,
- Penal fines,
- State aid,
- Bequests, gifts, donations, and grants,
- Fines and fees, and
- Interest from the library's endowment at the Community Foundation of Greater Rochester.

Financial Principles

The library operates on an accrual accounting method. An annual financial report is prepared by staff and audited by a CPA firm engaged by the board according to state statutes.

The board reviews its Investment Policy (MGT – 4) annually.