

FISCAL AGENCY AGREEMENT

Between the City of Laingsburg and the Laingsburg Public Library

THIS AGREEMENT is entered into as of the *day of*, February 1, 2025, by and between the *City of Laingsburg, Michigan* (hereinafter referred to as the "City") and the *Laingsburg Public Library*, a public library established pursuant to 1877 PA 164, as amended (hereinafter referred to as the "Library").

RECITALS

WHEREAS, the City desires to provide fiscal agency services to the Library, as permitted by Section 1 of 1877 PA 164, as amended;

WHEREAS, the Library Board retains exclusive authority to make decisions regarding the management and use of Library funds, including investments, purchases, and other budgetary matters, and maintains autonomy to contract for additional services necessary to Library operations;

WHEREAS, the City acknowledges its responsibility, as the establishing entity for the Library under 1877 PA 164, to facilitate the Library's funding, oversee the financial accounting of Library funds, and ensure compliance with applicable laws;

WHEREAS, the City agrees to collect, hold, and disburse millage funds in accordance with Section 1 of 1877 PA 164, as well as to provide other financial services outlined in this Agreement; and

WHEREAS, the Library is required under Section 397.207 of 1877 PA 164 to annually report financial and operational statistics to the City Council,

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein, the parties agree as follows:

ARTICLE 1. PURPOSE OF AGREEMENT

This Agreement establishes the fiscal agency relationship between the City of Laingsburg and the Laingsburg Public Library under which the City agrees to manage, collect, hold, and disburse Library funds, on behalf of the Library.

The terms of this Agreement also outline the respective roles and responsibilities of the City and the Library to ensure transparency, accountability, and compliance with local, state, and federal regulations. Nothing in this Agreement shall preclude the autonomy of the Library Board to make operational decisions and contract for additional services as needed.

ARTICLE 2. RESPONSIBILITIES OF THE CITY

2.1 General Responsibilities

As the establishing entity under 1877 PA 164, the City agrees to:

- a. Facilitate funding for the Library, including levying the Library's annual 1 unvoted millage or permitting the Library Board to place an additional millage on the ballot for voter approval;
- b. Receive and hold all Library funds in the City treasury, maintaining appropriate accounting for all inflows and outflows of these funds;
- c. Disburse Library funds, including millage funds, only upon approved and documented requests from the Library Board;
- d. Act as a check and balance to oversee the proper use of Library funds, raise concerns of potential misuse or illegality, and ensure compliance with applicable laws; and

2.2 Holding and Disbursing Funds

The City shall:

- a. Record all financial activities involving Library funds in accordance with generally accepted accounting principles (GAAP);
- b. Provide monthly or as-needed financial reports to the Library Board and City Council detailing transactions related to Library funds; and
- c. Deposit all Library funds, in authorized depository institutions.

2.3 Collection, Holding, and Disbursing Millage Funds

The City shall collect, hold, and disburse Library millage funds levied pursuant to Section 1 of 1877 PA 164. These funds shall be treated the same as other Library funds and subject to the same financial and disbursement protocols.

2.4 Audit Options

The Library's financial transactions and funds held by the City shall be subject to established audit requirements. The City may:

- a. Include the Library's financial activities as part of the City's annual audit, designating the Library as either a major or nonmajor fund; or
- b. Accept the Library's decision to conduct its own independent audit.

2.5 Optional Contracted Services

Upon the written request of the Library Board, the City may perform additional services beyond its fiscal agent responsibilities, including payroll, benefits administration, retirement services, legal counsel, auditor engagement, grant assistance, and similar services. Such additional services shall be agreed upon in writing and provided at reasonable cost to the Library.

ARTICLE 3. RESPONSIBILITIES OF THE LIBRARY BOARD

3.1 Exclusive Authority

The Library Board retains full autonomy and responsibility for decisions regarding the operation and management of the Library, including:

- a. Budgetary and fiscal decisions, including approval of all expenditures;
- b. Establishment of operational policies;
- c. Allocation and use of all Library funds, including millage funds; and
- d. Contracting for additional services as needed to support Library operations or programs.

3.2 Public Budget Hearing and Submission of Approved Budget

- a. The Library Board shall hold a public budget hearing and formally approve the Library's budget for the next fiscal year in compliance with state law.
- b. The Library Board is to provide a copy of the approved next fiscal year budget to the City before May 31st of each year, in accordance with Section 38-35(a) of the City Ordinances.

3.3 Annual Report to the City Council

- a. The Library Board shall annually report to the City Council, no later than March 15th, as *required by Section 397.207 of 1877 PA 164*.
- b. The annual report shall include:
 - i. A statement of all money received by the Library Fund and other sources, specifying how the funds were expended and for what purposes;
 - ii. The number of books and periodicals on hand, the number added by purchase, gift, or otherwise during the year, and the number lost or missing;
 - iii. The number of visitors attending the Library and the number of books loaned out, including the general character and kind of those books; and
 - iv. Any additional statistics, information, or suggestions deemed relevant by the Library Board.
- c. All financial portions of the report, including the receipt and expenditure of funds and the number of books on hand, lost, or purchased, shall be verified by affidavit.

3.4 Transparency and Compliance

The Library Board shall:

- a. Ensure full compliance with applicable state and federal laws governing public libraries, including 1877 PA 164; and
- b. Adopt transparent practices in decision-making to uphold the proper use of public funds.

ARTICLE 4. LIBRARY MILLAGE

4.1 Overview

The Library's current millage, authorized under Section 1 of 1877 PA 164, is an unvoted millage approved annually by the City Council. This millage provides critical funding for Library operations.

4.2 City Role in Millage

- a. The City Council shall vote each year on whether to levy the Library millage and determine its levy amount.
- b. The unvoted millage does not count against the City's millage cap under state law.

4.3 Millage Limitations

- a. The Library is permitted to levy up to 1 mill as an unvoted millage, renewed annually by the City Council.
- b. If additional funds are required, the Library board may submit a ballot proposal with resolution to the city clerk for a voted 1 mill to be placed on a general or state election ballot for public approval. If a special election is requested *all* costs will be the library's responsibility. The combined total of unvoted and voted millage shall not exceed 2 mills.

4.4 Legal Authority

All millage authorizations are governed by Section 397.201(1) of PA 164 of 1877.

ARTICLE 5. TERM AND TERMINATION

5.1 Term

This Agreement shall commence on the date written above and shall remain in effect unless terminated as outlined in Section 5.2.

5.2 Termination

Either party may terminate this Agreement by providing at least ninety (90) days' written notice to the other party. Upon termination, all remaining Library funds shall be transferred to an account designated by the Library Board.

ARTICLE 6. GENERAL PROVISIONS

6.1 Amendments

This Agreement may be amended only by a written instrument executed by both parties.

6.2 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the State of Michigan.

6.3 Severability

If any provision of this Agreement is deemed invalid or unenforceable, the remaining provisions shall remain in full force and effect.

6.4 Entire Agreement

This Agreement constitutes the entire understanding between the City and the Library with respect to the subject matter herein and supersedes any prior agreements, whether written or oral.

6.5 Notice

All notices required under this Agreement shall be served in writing to the parties at their respective addresses.

SIGNATURES

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

CITY OF LAINGSBURG, MICHIGAN

By: _____

Name: _____

Title: _____

LAINGSBURG PUBLIC LIBRARY

By: _____

Name: _____

Title: _____