

## **Hales Corners Library Accounting Policies & Procedures**

The Hales Corners Library Board operates under WI State Statutes Chapter 43.58 – Powers and Duties (<https://docs.legis.wisconsin.gov/statutes/statutes/43/58>).

### **Financial Reports:**

On a monthly basis, financial reports are prepared by the Library Director, reviewed by the Treasurer and the Finance & Personnel Committee. The Library Board approves payment of expenditures, pay rolls, and acknowledges receipt of revenue.

The financial reports provide:

- Month-to-date and year-to-date expenditures for each line item
- Total income and expenditures month-to-date and year-to-date
- Budget balances for each line item and the total budget

The financial reports include:

- General fund revenues: funds received by the library that go to the Village General Fund. This revenue helps to offset the cost to the taxpayers for public library service. As part of the annual budget plan, the Library Board sets allocations to the general fund revenue. Library revenue consists of:
  - Reciprocal borrowing revenue: received from MCFLS for providing reciprocal borrowing service to nonresidents
  - Fines and miscellaneous fees: overdue fines, lost and damaged materials fees, out-of-county fee cards
  - Public printing and fax fees: fees charged for public printing and sending faxes from the public fax machine
  - Room use fees: fees charged for use of the community meeting rooms
- Special fund revenues and expenditures: funds received or spent by the library for special projects or purposes. The Library Board sets the budget annually for some of the special fund revenues and expenditures.
  - Capital improvement projects: funding is provided by the Village Board
  - Equipment replacement: funding is allocated and purchasing is determined as part of the library's annual budget plan
  - Collection replacement:
    - fees collected for lost or damaged material
    - funds received to replace stolen, long-overdue items, or worn out items
  - Gifts, grants, bequests:
    - Memorials for individuals
    - Gifts in honor of individuals
    - Grants: such as Greater Milwaukee Foundation, Holz Family Foundation
  - Reciprocal borrowing revenue: received from MCFLS for providing reciprocal borrowing service to nonresidents: payments received in February
  - Room use security fees: refundable security deposit for use of the audiovisual system
  - Revenue collected on behalf of the Friends of the Library, the library's support group, and the Hales Corners Historical Society, a building tenant: funds reimbursed to these organizations

- Personnel expenditures: funds used to cover salaries and benefits for library employees. The Library Board sets the personnel budget annually and approves pay rolls.
- Operation expenditures: funds used to cover library operations. The Library Board sets the operation budget annually and approves expenditures.
- Library Board Fund: a detailed report on all gifts, donations, and memorials received by the Library. Interest earned on their bank account is also reported. The Library Board takes action at each of their meetings for payment of expenses and when gifts, donations, memorials and interest payments are received.

The financial reports are public documents and are distributed monthly to the Library Finance & Personnel Committee, the Library Board, the Village Administrator and the Village Liaison to the Library Board.

#### **Authority to pre-pay bills:**

The Library Director is authorized to pay bills, within budget constraints, that if paid promptly would avoid late payments or realize pre-payment savings, and to pay bills that are expenses that maintain library operations as approved in the library's budget.

The Library Director reports to the Finance & Personnel Committee and Library Board any purchases that are unexpected or costing more than budgeted (e.g. repairs to equipment or replacement of equipment). Examples of bills that are pre-paid include:

- utilities
- telephone service
- service calls established by contract (e.g. routine building maintenance such as heating and ventilating, alarm system, cleaning and janitorial, landscape maintenance)
- service calls needed to maintain day-to-day operations and that are planned for in the library's building maintenance budget (e.g. electrical repairs, plumbing repairs, building repairs)
- purchase of library material (e.g. books, videos, magazines, newspapers, audio books, electronic databases)
- purchase of supplies needed for day-to-day operations for the building, office and administration, library programs, processing of library materials

#### **Expenditures needing Library Board approval:**

If there is an expense for service to the building and grounds, additional library staff, purchase of new equipment or materials that can be planned for but was not part of the library's budget, the Library Director shall bring the matter before the appropriate committee (e.g. Finance & Personnel or Building & Grounds) and then to the Library Board for approval. If there is a need to move quickly, for example with an expensive repair, the Library Director shall inform the board president and appropriate committee chair, arrange for the repair or purchase, and then provide a report to the Library Board and appropriate committee at the next meeting.

#### **Budget year with an overage:**

The Finance & Personnel Committee monitors the library's financial status on a monthly basis. If year-end estimates indicate that the budget will be overspent, the director will recommend a plan to the Finance & Personnel Committee to either maintain a balanced budget, with cuts to services, supplies or personnel, or to notify the Village Board of the circumstances leading to the overage. The Finance & Personnel Committee will make a recommendation to the Library Board, where the final decision will be made.

### **Budget year with unspent funds:**

The Finance & Personnel Committee monitors the library's financial status on a monthly basis. If year-end estimates indicate that there will be unspent funds, the Library Director will recommend a plan to the Finance & Personnel Committee on use of the funds. If the unspent funds are less than \$5,000 and this financial information is realized in the last few weeks of December (the last month of the fiscal year), the Library Director shall have permission to overspend certain line budgets, listed below, and shall keep the treasurer informed.

- library material budgets (e.g. books, audiovisual material)
- special supplies
- office supplies
- technical service supplies
- building supplies

### **Gifts, Grants, Bequests:**

The Library Director provides, as part of the monthly financial report, a written report giving information about the donation along with plans for use as requested by the donor along with staff recommendations or comments. The Finance & Personnel Committee reviews and makes a recommendation to the Library Board. The Library Board will take specific action to accept (or reject) the donation and the proposed use (made by the donor and/or staff). In some cases staff may recommend undesignated donations be placed in savings until a project is identified that needs funding.

Letters of appreciation are sent after the Board has received the donation report. The board president signs the letters.

Staff carries out the Library Board's decision and provides a follow up report if appropriate.

There are two types of gifts and donations:

- Designated donations: the donor requests funds be used for a specific purpose, usually the purchase of books or other library materials. Example: Family designates the Library for memorials and requests the funds be used to purchase library materials in memory of the individual.
- Undesignated donations: donor makes no request for how to use funds or specifically asks the library to use the funds where there is a need.

### **Petty Cash:**

The library maintains a \$100 in petty cash system to maintain cash drawer used for the point-of-sale system.

### **Point-of-Sale System:**

The library uses a point-of-sale system at the circulation desk to handle routine transactions:

- library operations (e.g. overdue fines, copier fees)
- Friends of the Library (e.g. membership dues, book bag sales)
- Historical Society (e.g. sale of publications)

The cash drawer is started each day of business, Monday through Friday, with \$100. A cash receipts report is prepared each day of business, Monday through Friday, and at the end of the month. These reports are filed with the Village bookkeeper. Business conducted on Friday and through the weekend is reported on the cash receipts Monday morning.

### **Credit Cards/Procurement Card:**

Depending on funding, the library uses credit cards for purchases. Credit cards include the Village Procurement Card (P-card), the Library Board Credit Card, and the Friends of the Library Credit Card.

- Financial limits: vary depending on the credit card
- Authority to use:
  - Limited to individual staff member.
  - Personal use of card prohibited.
- Accounting procedures:
  - Receipt for each purchase must be turned in to match with monthly statement.
  - As with all bills to be paid, library director is responsible for authorizing payment on monthly statements.
  - Items charged on credit card must be assigned to a regular library account for payment.
  - Statements paid on time, each month (to avoid finance charges).
- Security procedures: Credit cards are kept in the library's safe located in the staff work room.
- Fees: There are no fees.

### **Room Use Fees**

- Room Use Fees:
  - Non-refundable room use fees are set by the Library Board and stipulated in the library's room use policy.
  - Room use fees are deposited to the Village General Fund.
- Security deposits:
  - A refundable \$100 security deposit is required for use of the Hunt Room audiovisual system.
  - Security deposits are held in account #22205.
  - Refunds: The group is responsible for requesting a refund. The library director authorizes the necessary paperwork. Security deposits are refunded by check through the Village bookkeeping department.

### **Annual Report:**

The library director prepares the state-required annual report, which is reviewed by the Library Board. The board president and the library director sign the report. The annual report shows all library income by source and all expenditures in detail, as well as the status of all funds under the Library Board control.

### **Audit**

The Library Board Fund is audited annually (started in 2005) as part of the Village audit. A copy of the Village audit is kept on file in the library administrative office.

### **Liability Insurance**

The Village of Hales Corners, through its liability insurance policy, provides for fraud coverage as well as theft coverage for all employees and officers which includes the Library Board of Trustees.

### **Treasurer:**

From the Library Bylaws – Section 4.4: The Treasurer shall co-sign all checks drawn on funds held by the library, shall review bills to be paid and revenue receipts, shall serve as chairperson of the library's finance committee, and shall perform such duties as generally associated with the office. The Treasurer shall make monthly reports to the Board showing in detail the amount and investments of, and income and disbursements from, the funds in his or her charge. In the absence or inability of the Treasurer, such other members of the library's finance committee as delegated by the Treasurer shall perform these duties. The Library Director may be designated to perform any or all of the above duties, which do not require the action by the duly elected Treasurer and can be legally delegated.

The Treasurer is responsible for signing checks for expenditures approved by the Library Board for payment out of the Library Board Fund and for signing the requests for reimbursements by the Library Director. Two signatures are required on Library Board Fund checks; authority to sign checks is given to the treasurer, director, and board president. Checks are generally available at the library board meeting or on an as-needed basis during the month.

Any withdrawal of Library funds from a financial institution holding same shall be subject to and shall be co-signed by the Treasurer and the Library Director, the Treasurer and the Library Director hereby being authorized for such duties, accordingly.

### **Investment Policy:**

The Library Board shall make decisions on long-term and short-term investments.

### **Authority to renew certificates of deposit:**

The library director, in consultation with the treasurer, is authorized to renew certificates of deposit (CD). Renewal decision shall be based on best interest rate and term of CD. A report shall be made at the next meetings of the Finance & Personnel Committee and Library Board.

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