

## **Fiscal Policy**

### **Purpose Statement**

Sound financial reporting is an essential element of public-sector accountability to the citizens they serve. This policy defines basic accounting and cash control policies. It is designed to protect and enhance the security of Jefferson Public Library's financial functions, promote the maintenance of accurate records of financial activities, and facilitate compliance with the Wisconsin Statutes section 43.58 - Powers and duties, government, and private funding source reporting requirements.

### **Fiscal Authority**

#### **Library Board of Trustees**

The financial resources of the Jefferson Public Library are the responsibility of the Jefferson Public Library Board of Trustees (The Board). The Board members are appointed by the City of Jefferson and serve without compensation. The Board is responsible for:

- Providing guidelines for management and allocation of financial resources which seek to produce optimum benefit for those we serve.
- Monitoring and evaluating the financial plans of the Library and maintaining the financial integrity of the Library.

#### **Library Director**

The Library Director is the primary purchasing agent for the Library and is responsible for all Library contracts, orders, and purchases. The Director shall select products, services and vendors that best meet the needs and goals of the Library. In making decisions regarding selection of products and services for the Library, the Director will consider relevant factors which include, but are not limited to: suitability, sustainability, availability, quality, workmanship, price, and delivery. The Director may delegate the responsibility for ordering selected products and services to other employees as the Director deems appropriate or necessary to accomplish the goals of the Library. To help reduce the risk of financial loss to the Library, the Director will implement procedures to:

- Prevent embezzlement.
- Ensure against liability losses (to Board members, the Library, or to Library funds).
- Properly maintain facilities and equipment.
- Limit exposure of the Library, the Board, and the staff to liability claims by properly maintaining facilities and equipment.
- Ensure funds are disbursed only in compliance with Board authorization and applicable municipal and state laws.

## **Records Management**

The Director records Library revenue and expense transactions to accurately reflect Library operations. The Director will act as a liaison with the City Finance Department and will coordinate the creation of monthly reports for Library Board review. As required by State law, an independent audit will be performed annually for all Library funds as part of the general City audit. The Director will be responsible for providing the requested documentation necessary to conduct the audit.

## **Library Staff**

All Library staff will be familiar with this policy and the purchasing guidelines and procedures set forth by the Director. As public servants, library staff will exercise fiscal responsibility in regards to their use of Library funds. Employees who make unauthorized purchases will be subject to disciplinary action including possible termination.

## **Approval of Library Expenditures**

At each regular monthly meeting the Library Director will present for ratification by the Board a list of the most recent bills.

## **Budgeted and Recurring Charges**

The Library Director is authorized to make payment for budgeted expenses for recurring bills such as utilities, lease fees, and maintenance contracts in advance of Board approval to ensure payment is received by the due date. The library board shall audit and approve any such payment at its next regular meeting.

Routine expenditures, such as insurance and payroll will automatically be charged by the Finance Director. Ongoing utility expenditures such as electricity, natural gas, and phone services will be paid in a timely manner and reported to the Library Board at the monthly meeting.

## **Non-Budgeted Charges**

Expenses which do not fall within the planned operating budget must be approved by the Library Board as a budget amendment. Invoices under \$2,000 submitted for payment by the Library must be approved by the Library Director, who shall indicate which account the invoice is to be paid from. Any purchases over \$2,000 shall be approved by the Library Board before the purchase is made.

In cases of emergency or to secure the protection of the Library property or staff, the Library Board of Trustees authorizes the Director to secure goods and services without prior Board approval.

## **Purchases Over \$25,000**

The Library Director will follow the Wisconsin Statutes Chapter 66.0901 - Public works, contracts, bids regarding purchases over \$25,000.

## **Reporting**

The Library Director reports monthly to the Library Board on the year-to-date status of revenues and expenditures as compared to the budget. The Library Director also presents an annual review of all the funds held by the Library.

## **Annual Operating Budget**

The Library's annual operating budget is prepared by the Library Director. The budget is presented to the Library Board for approval utilizing the corresponding requirements of public notice and public hearing. After approval by the Library Board the proposed budget is presented to City Finance for inclusion in the City Operating Budget and presented to the City Board for approval. The budget reflects the anticipated revenues of the Library to be used for planned expenditures of carrying out the programs and services for the next fiscal year.

The Library strives to maintain its physical assets at a level adequate to protect the City's capital investment and to minimize future maintenance and replacement costs. The budget will provide for the adequate maintenance and the orderly replacement of the capital plant and equipment from current revenues whenever possible.

Budget adjustments between accounts may be made with approval of the Library Board. Unspent funds at the end of the year are transferred to the library fund balance. Likewise, any deficits reduce the fund balance. The Library may utilize its fund balances to fund capital projects whenever available and feasible.

## **Sources of Funding**

Jefferson Public Library strives to meet the Wisconsin Public Library Standards to encourage the ongoing development of quality library services. The standards are based on population of the Library municipality and include but are not limited to minimum materials expenditures, collection size, expenditures/per capita, full-time equivalent staff members, hours open, and available computer terminals.

### **Local Tax Revenue**

The Library operating budget is funded in whole or in part by a general property tax in accordance with State of Wisconsin Statute 65.90. Annually as part of the Library budget process, the Library Board shall request from the City of Jefferson sufficient funds to provide qualified staff, proper physical facilities and equipment, and a comprehensive collection of materials to meet the essential needs of its population.

### **Grants and Donations**

Library staff will apply for grants and donations from outside sources whenever possible as a way of maintaining a stable tax rate.

### **Fines and Fees**

The Library will establish all user charges and fees at a level related to the full cost (operating, direct and indirect) of providing the services, whenever practical. Charges and fees will be reviewed annually by Library administrative staff. Additions and subtractions to patron fees shall be approved by the Library Board.

## **Cash Management**

### **Cash Receipts**

Monies collected are reconciled to daily collection logs. Overages of cash are considered donations and are deposited as monetary donations.

A deposit will be made at least twice a month with the City Clerk's office.

### **Cash Drawer Change Reserve Fund**

A cash drawer change reserve fund will be maintained to keep a supply of small bills and coins on hand.

### **Petty Cash**

A petty cash fund shall be maintained by the Director to reimburse employees for small dollar amount purchases.

All disbursements shall be documented with receipts and reconciled monthly according to the Petty Cash Procedure.

## **Other Funds Held by the Library Board**

### **Special Reserves**

Donations, grants, or other revenues given to the Library by an outside individual or agency for a designated purpose and are unable to be spent in the same fiscal year will be deposited into the fund balance until such time as it can be spent for its designated purpose.

### **Fund Balance**

Library operating funds not spent at the end of the fiscal year are rolled into the fund balance.

Operating Reserves – The Library Board intends to maintain operating reserves equal to ninety days of the operating budget to provide for reasonable cash flow needs. The balance after subtracting the ninety days reserves is considered unrestricted funds.

Designated funds – The Library Board may choose to designate portions of the unrestricted funds for certain purposes such as building improvements or large purchases.

### **Fixed Assets**

Fixed Assets are property, plant, and equipment according to the limit set by the City's Finance Department and with a useful life of two years or more. An inventory of fixed assets will be maintained by the Director.

An asset retirement plan will be maintained as items are withdrawn and retired. The fixed asset inventory will be reviewed on an annual basis as part of the creation of the annual budget.

### **Investment Policy**

The securing and maintenance of the Library's investments have been delegated to the City's Finance Department as part of the City's investment program. Authority to manage the Library's investment program is derived from State of Wisconsin Statutes and City ordinances. Management responsibility is assigned to the Finance Director/Treasurer.

Library administrative staff will consult with the City Manager and/or the City Director of Financial Services on an annual basis to discuss investment opportunities to the Library. Recommendations will be prepared for Library Board approval if required.

### **Purchasing and Disbursement of Funds**

#### **Accounts Payable**

During the month, the Director processes the invoices and submits them to the City Finance Department for payment and processing.

All requests for checks must be submitted with the appropriate documentation. Checks are processed once a month. Checks will not be processed on demand, unless an emergency situation is determined.

#### **Sales Tax**

Sales to public libraries are exempt from sales tax. Whenever possible staff members should attempt to make purchases as a tax-exempt sale.

Sales by public libraries are not exempt from sales taxes. Sales tax is charged according to the Wisconsin Administrative Code Section Tax 11.05.

#### **Credit Cards**

The City Finance Department has authorized the use of a City credit card for departmental expenses. Purchases made on the City credit card will follow the Credit Card Policy as outlined in the City's Purchasing Policy.

Through the Bridges Library System, the Library accepts credit cards for payment of overdue fines and library fees. The patron is charged a convenience fee set by the System for using this payment source.

The Director is authorized to apply for lines of credit with vendors as needed.

## **Monetary Gifts**

The Library accepts monetary gifts to support library programs and resources. The Director will maintain a log of purchases made with designated gifts.

## **Insurance Coverage**

Responsibility of securing and maintaining adequate insurance coverage for property damage, boiler and machinery, liability, and workers compensation insurance is delegated to the City Finance Department or their designee.

## **Miscellaneous**

### **Sale of Surplus Property**

When personal property owned by the Jefferson Public Library no longer serves any useful purpose, the Library Director shall first determine whether any other City department needs such property.

In the event such property can no longer be used by any department of the City, the Library Director shall offer such property for sale if the estimated revenue does not exceed \$5,000. The Library Director shall determine a plan of sale for each item with the object of obtaining the highest revenue. If the anticipated revenue from the surplus property exceeds \$5,000, the Library Director shall first present the matter to the Library Board and shall obtain authority for the sale.

### **Other**

For circumstances that are not covered by this policy, the Library Director will refer to the City's Purchasing Policy.

References:

### **Wisconsin Administrative Code Section Tax 11.05**

[https://docs.legis.wisconsin.gov/code/admin\\_code/tax/11/ii/05](https://docs.legis.wisconsin.gov/code/admin_code/tax/11/ii/05)

### **Wisconsin Statutes Chapter 43.58 - Powers and duties**

<https://docs.legis.wisconsin.gov/statutes/statutes/43/58>

### **Wisconsin Statutes Chapter 66.0901 - Public works, contracts, bids**

<https://docs.legis.wisconsin.gov/statutes/statutes/66/ix/0901>

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