

## **Mukwonago Community Library Finance Policy**

**Approved June 9, 2022 - Last Reviewed September 16, 2024**

The purpose of this policy is to describe and document how the financial management activities of the Library are to be carried out and to remain accountable to stakeholders including taxpayers, employees, and the community. Sections include:

- I. Authority
- II. Guidelines
- III. Available Funds
- IV. Invoicing and Payment Procedures

### **I. Authority**

Per Wis. Stat. § 43.58, the “Library Board shall have exclusive control of the expenditure of all moneys collected, donated or appropriated for the library fund.”

- A. It is the responsibility and exclusive right of the Library Board to audit and approve all expenditures of the Library before payment is made.
- B. Approval of expenditures occurs monthly during the regular Library Board meeting.
- C. All expenditures must be clearly documented, including the name of each payee, the amount of each expenditure, and the expenditure account from which payment will be made.
- D. The Library Board authorizes the Village of Mukwonago to pay routine expenses without requiring pre-approval. These necessary and predictable expenses include, but are not limited to, payroll, utilities, administrative costs, and insurance. The Village of Mukwonago must summarize and submit these expenditures including chargebacks, journal entries, and any other documentation to be included with the monthly approval of expenditures.
- E. The Library Board recognizes the Village of Mukwonago as its fiscal agent, per Wis. Stat. § 43.58(2)(a) and immediately upon approval of expenditures will provide the Village administrative offices all invoices and information needed to complete payment. All approved Library expenditures and payroll will be paid as other municipal invoices are paid.
- F. The Library Director is delegated authority to make purchases within the Annual Budget and according to board-approved purchasing policies.
- G. Any expenses that exceed the line item approved budgeted amount need approval by the Library Board before the expenses are incurred.
- H. The Library Board recognizes that occasionally equipment will require emergency repairs or other circumstances will necessitate emergency corrective action for the safety and security of the Library and its occupants. If necessary, the Library Director may make purchases outside the compliance of this policy in order to address the

situation in a timely manner. The Library Board must be notified of these actions and all documentation must be included in the monthly approval of expenditures.

## **II. Guidelines**

The Library Board has established guidelines to ensure the expenditure of public funds is consistent and transparent.

- A. The overall plan for purchasing begins with the Annual Budget.
- B. Proper planning minimizes the amount of clerical and supervisory time spent. All efforts should be made to purchase goods and services in quantities for the foreseeable future and to ensure the Library is paying a fair and reasonable price.
- C. Quality of goods and services are just as important as price. The Library staff will make all efforts to purchase items and services that meet, but do not exceed, the requirements for which they are intended.
- D. The Library is exempt from paying all local and state sales tax. All purchases and invoices must exclude sales tax before payment is made.
- E. The Library Board and all Library employees must comply with all federal, state, and village ethics laws regarding conflicts of interest as well as ethics regarding purchasing decisions.
- F. Petty cash may be used to avoid the time and expense of issuing payment authorization for items totaling less than \$50. Receipts are to be maintained by the person responsible for the petty cash fund and shall be summarized and included in the monthly approval of expenditures. The Library may not maintain more than \$200 of petty cash.
- G. Credit cards may be issued to Library staff to use when obtaining an invoice for a purchase is not feasible or impossible, such as some online purchases. The Library Director may authorize, deny, or revoke Village-issued credit cards for Library staff. Credit card limits cannot exceed \$5,000. Credit card holders are required to maintain all receipts and submit them to be included in the monthly approval of expenditures.

## **III. Available Funds**

The Library Board maintains several funds in order to ensure the stability of and security for the future of the Library.

### **A. General Fund Balance and Designated Fund Balance**

The General Fund Balance is the accumulation of operational revenues minus operational expenditures as calculated at the end of each fiscal year. The Designated Fund Balance is a separate account specifying these post-operational funds for special purposes. The Village of Mukwonago's annual audit will provide verified expenditure and revenue information for the closeout of the previous year.

- i. The "General Fund Balance" fund is held by the Village of Mukwonago and is referred to as "440-0000-343441: Fund Balance." These funds are not specifically designated and are maintained to provide a "safety net" to allow the Library to

handle emergency situations. The recommended amount to keep in this account is two (2) months of operating expenses.

- ii. The “Designated Fund Balance” fund is held by the Village of Mukwonago and is referred to as “440-0000-343442: Fund Balance Designated.” These are funds that are designated for a specific purpose such as, but not limited to, building projects, End of Life (EOL) equipment replacement cycles, strategic planning initiatives, and building maintenance.
- iii. The principal and interest earned from these funds may be used for any expenses, including operational expenses. A majority vote of the full membership of the Library Board is required for a resolution authorizing expenditures from these funds.
- iv. If the Library has a surplus of revenue, the Library Board will determine whether to assign it to the “Designated Fund Balance,” “General Fund Balance,” or the “Other Post-Employment Benefits (OPEB)” account. A majority vote of the full membership of the Library Board is required for a resolution authorizing the allocation of these funds with actual disbursements made by the Village of Mukwonago administrative offices.
- v. If the Library has a revenue shortfall, the Library Board can decide to use funds from the “Designated Fund Balance,” the “General Fund Balance,” or a combination of the two funds to pay for expenditures. A majority vote of the full membership of the Library Board is required for a resolution authorizing the expenditure of these funds with actual disbursements made by the Village of Mukwonago administrative offices.

B. Other Post-Employment Benefits (OPEB)

The OPEB account contains funds designated to pay the benefits, other than pension distributions, that employees may begin to receive once they retire. See the “Personnel Policy” for more information on retirement benefits.

- i. This fund is held by the Village of Mukwonago and is referred to as “440-0000-343443: Sick Leave Payout Reserve.”
- ii. Funds must be available for the sum total of an employee’s post-employment expenses before that employee retires.
- iii. The Library Board may choose to add to this fund at any time by using operating revenue, assigning a line item in the Annual Budget, reallocating monies from the “Designated Fund Balance,” or reallocating monies from the “General Fund Balance.”
- iv. When not a line item in the Annual Budget, a majority vote of the full membership of the Library Board is required for a resolution authorizing the allocation of monies to this fund with actual disbursements made by the Village of Mukwonago administrative offices.
- v. The Village of Mukwonago is authorized to draw from this fund to pay for post-employment expenses for Library employees.

- vi. An annual report must be provided by the Village of Mukwonago to the Library Board prior to the Annual Budget planning detailing the balance of the fund, expected changes to post-employment costs, and suggested adjustments.

#### C. Operational Donation Account

The Operational Donation Account contains all funds donated directly to the Library during the current fiscal year. Under Wis. Stat. § 43.58(7), the Library Board has the authority to receive, manage, and dispose of gifts and donations as it sees fit. However, the Library Board will make every effort to honor any special requests or designations that accompany the donation. See the “Donation of Materials Policy” for more information.

- i. This fund is held by the Village of Mukwonago and is referred to as “440-4800-489000: Donations Received”
- ii. The Library maintains internal subaccounts of this fund:
  - i. Designated Donations – These are donations that are designated for a specific purpose such as, but not limited to, grant monies, building projects, the Summer Library Program, and special collections.
  - ii. Undesignated Donations – These donations are not specifically designated and may be used at the Library Director’s discretion for unique nonbudgeted costs which would enhance and improve the Library and its position in the community.
- iii. This fund is offset by an expenditure account referred to as ““440-5890-580600: Donated Fund Expenditures.” The expenditure account has the same internally maintained subaccounts to offset the forementioned revenue subaccounts.
- iv. Receipts for expenditures must be summarized and included in the monthly approval of expenditures.
- v. At the end of the fiscal year, all remaining funds are automatically transferred to the “General Donated Funds Balance.”

#### D. General Donated Funds Balance

The General Donated Funds Balance contains the accumulation of donated revenues minus expenditures of donated funds as calculated at the end of each fiscal year.

- i. This fund is held by the Village of Mukwonago and is referred to as “440-0000-344418: General Donated Funds FB”
- ii. The principal and interest earned from the Donation Fund may be used for any expenses, including operational expenses.
- iii. Receipts for expenditures must be summarized and included in the monthly approval of expenditures.

#### E. Mukwonago Community Library Capital Endowment Fund (MCLCEF)

Formerly referred to as the “Dorothy Gollmar Fund,” the MCLCEF was originally established by the Library Board with money donated to the Library by the Gollmar family for the improvement and enhancement of the Mukwonago Community Library.

- i. This fund is held by the Waukesha County Community Foundation.

- ii. The principal and interest earned from the MCLCEF must be used on capital improvements (as defined by the Wisconsin Accounting Manual Section 06-04) which would enhance and improve the Library and its position in the community.
- iii. A majority vote of the full membership of the Library Board is required for a resolution authorizing expenditures from this fund.
- iv. Donations earmarked for a particular project will be used for that purpose pending the Library Board's approval. Earmarked funds that exceed the cost of a particular project will be returned to the MCLCEF.

F. Mukwonago Community Library Endowment Fund (MCLEF)

The MCLEF was originally established by the Library Board from money remaining from donations given for the building expansion project completed in 2011. The fund balance is to be used to help the Mukwonago Community Library go beyond day-to-day operations and provide excellence in library service.

- i. This fund is held by the Waukesha County Community Foundation.
- ii. The principal and interest earned from the MCLEF will be used for unique nonbudgeted costs which would enhance and improve the Library and its position in the community.
- iii. A majority vote of the full membership of the Library Board is required for a resolution authorizing expenditures from this fund.
- iv. Donations earmarked for a particular project will be used for that purpose pending the Library Board's approval. Earmarked funds that exceed the cost of a particular project will be returned to the MCLEF.

#### **IV. Invoicing and Payment Procedures**

In order to maintain consistency and ensure transparency to stakeholders, this section outlines the procedure on how to authorize payment for expenditures.

A. Order of Operations for Payment of Invoices

- i. Invoices submitted for payment by the Library, including allocated expenses posted by the Village of Mukwonago, credit card receipts, and petty cash receipts, must be examined by the Library Director who shall indicate which account the invoice is to be paid from.
- ii. All submitted invoices, allocated expenses posted by the Village of Mukwonago, credit card receipts, and petty cash receipts shall be then be examined and initialed by the Library Director and Library Board Treasurer.
- iii. A list of active invoices listing those invoices to be paid and which have been initialed/validated as per the preceding step must be included with the monthly Library Board packet as an agenda item for approval of expenditures.
- iv. Any invoices without an approval initial from the Library Director and Library Board Treasurer will not be paid and will be submitted at a later Library Board meeting after going through the above validation procedure.
- v. Any invoices received after the Library Board packet has been published will be included in the next month's approval of expenditures. If an invoice is a special

circumstance or requires immediate payment, the invoice may be added to the expenditures for approval and the Library Director must point it out and explain the circumstances to the Library Board.

- vi. After approval by the Library Board, the list of invoices and expenditures shall be signed by the Library Director and the Library Board Treasurer. In the case of the unavailability of one of the aforementioned officials, the Board President will sign to permit the payment of the invoices. In the case of the absence of the Library Board President, the person acting as President will sign the invoice list.
- vii. The Library Director or their designee will forward the signed copy of the invoice list and the actual invoices to the Village administrative offices for payment. The Village will provide monthly statements showing the accounting of all expenditures.

#### **Revision History**

<b>June 9, 2022</b>	Combined “Finance Policy,” “Finance Procedures/Invoicing and Payment Procedures,” and “Fund Disbursement Policy.” Significant additions for clarity, alignment with State Statute, and consistency with Village policies and procedures.
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