

CHAPTER VII
ELISHA D. SMITH PUBLIC LIBRARY
FINANCIAL AND BUSINESS POLICIES

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A. BUDGET

1. A preliminary annual budget shall be prepared by the library director with input from staff.
2. The preliminary budget shall be presented to the Board of Trustees' Finance Committee by the end of each September.
3. The Finance Committee shall study, revise, and approve a budget to be presented to the Board of Trustees. This budget shall be sent to the Board of Trustees at least 5 days prior to the next meeting of the Board of Trustees.
4. The Board of Trustees may alter the proposed budget in full session or return it to the Finance Committee.
5. The Board of Trustees shall approve a budget to be submitted to the Mayor. The Mayor presents the budget as part of an overall city budget for the forthcoming year to the Common Council.
6. At any budget hearing scheduled by the Mayor, the Common Council, or Council Committees, the library shall be represented by the library director, the chair of the Finance Committee, and other trustees as appropriate.
7. Any budget alterations proposed by the Mayor, Common Council, or Council Committees shall be considered by the Board of Trustees. The Board of Trustees may authorize the Finance Committee to act in its place.
8. The budget approved by the Common Council shall be placed on file as the operating budget for the coming year.
9. The library director is responsible for the administration of the budget. The budget shall be adhered to as closely as possible. Alterations in the amounts or purposes of the appropriations stated in the budget may be made only when authorized by a vote of the majority of members present at a Board of Trustees meeting with a quorum of members.

B. FINANCIAL RECORDS

1. Invoices, records of accounts payable and receivable, deposit slips, cancelled checks, purchase orders, cash receipts, and bank statements shall be kept on file during the current fiscal year plus 4

previous years.

2. The library director's financial reports to the Board of Trustees shall be kept on file permanently.

C. RECEIPTS AND DISBURSEMENTS

1. Receipts shall be listed on monthly and annual reports to the Board of Trustees by the library director.
2. A list of all invoices and amounts presented for payment by the library director shall be sent to the city's Finance Department for issuance of checks.
3. The Board of Trustees shall approve all expenditures of the library for payment by the city's Finance Department with the exception that the Board of Trustees grants permission to the Finance Department to pay the following bills without prior Board authorization:
 - a. Public utilities (gas, water, electricity)
 - b. Postal expenses incurred on behalf of library
 - c. Charges by other city departments for services rendered at the request of the library
 - d. Insurance premiums when the library is included on general city policies
 - e. Salaries and wages of employees
 - f. All appropriate employee benefit expenses
 - g. Advance meeting and travel reimbursement for employees from budgeted funds and with the director's approval
 - h. Such expenditures shall appear on the financial reports presented to the Board of Trustees.
4. A list of approved expenditures, including those listed above, shall be placed on file in the library.
5. The library director will provide a monthly list of all disbursements by budget category to the Board of Trustees, including the balance remaining in each budget category.

D. AUDIT

1. An annual audit of library finances shall be conducted by the auditor selected by the City of Menasha unless the Board of Trustees chooses to engage another.
2. The cost of the audit shall be included in the annual budget.

E. PURCHASING PROCEDURE

1. Purchases shall be made by the library director within the guidelines set in the budget.
2. Outlay for a specific item not anticipated in the budget's account allocations amounting to \$1,000 or more shall be approved by the Board of Trustees prior to a commitment for the expenditure.
3. In an emergency, the library director may authorize prudent and reasonable expenditures of funds without board approval. In such cases, the director shall notify the Chairman of the Board of Trustees of the need for the expenditure, and it shall be brought before the Board of Trustees for action at its next regular meeting.
4. Purchases over \$1,000 but less than \$5,000 shall have at least 2 price quotes. Purchases over \$5,000 shall have at least 2 written price quotes and shall be authorized by a written purchase order.

F. INSURANCE

1. Adequate insurance coverage for library properties shall include general property and fire insurance, liability insurance, workers' compensation insurance, errors and omissions insurance and any other insurance deemed necessary.

2. The library's insurance coverage shall be included in the policies carried by the city. The library's budget shall include its share of the policy cost.

G. ENDOWMENT FUNDS

1. POLICY

a. **NAME AND PURPOSE.** The Board of Trustees manages an endowment fund named the Elisha D. Smith Public Library Endowment Fund for the purpose of making expenditures for items, services, or other expenses which the Board of Trustees considers beneficial to the library, but which might be considered inappropriate or impossible from the regular budget. The Board of Trustees may choose to supplement regular budget items beyond amounts the Board of Trustees feels can be fairly charged to the tax-based budget appropriation. Capital expenditures for facility expansion, remodeling or major service or equipment purchases may be approved from the Endowment Fund disbursement and checking account, but the principal amount of the endowment shall not be reduced by such expenditures.

b. **AUTHORITY.** The Board of Trustees shall retain exclusive control of all moneys, investments, or other items of value in the endowment or donated to the endowment. (Wisconsin State Statute § 43.58)

c. **INVESTMENTS.** The goal of endowment fund investments shall be to reasonably insure against loss while gaining sufficient value to compensate for inflation and provide funds for expenditure on behalf of the library. The principle amount of the endowment shall not be expended.

d. **GIFTS.** The value of the endowment fund shall be increased through the solicitation and acceptance of gifts, grants, and bequests. The Board of Trustees reserves the right to reject any gift or bequest. (See H. Gifts at the end of this policy.)

e. **DISPOSITION OF FUND.** In the event that the Elisha D. Smith Public Library becomes defunct for any reason, the City of Menasha shall assume the responsibility for the management and/or liquidation of the fund. Such actions shall conform as nearly as possible to the conditions of this policy, the aims and purposes of the library, and any conditions set forth in specially named accounts, including preserving the tax deductibility of gifts made to the endowment fund.

f. **EXPENDITURES.** Expenditures shall be approved by a majority vote of the Board of Trustees. Bills to be paid from the endowment fund shall be listed on the monthly list of bills prepared for approval. Checks drawn on the endowment shall be signed by the library director or a library supervisor and one of the following: the Chairman of the Board of Trustees, Vice-Chairman, or Secretary. Signature cards for the library director and a library supervisor shall be filed with the bank. If payment for an appropriate and urgent expenditure is required, the library director or library supervisor shall authorize it with his/her signature alone for amounts under \$500, in which case the payment will be included on the monthly list of bills and marked as paid.

g. **MANAGEMENT.** The Board of Trustees may delegate management of the fund to a committee or to a professional manager or institution.

h. **ACCOUNTING.** Regular and appropriate accountings of the fund shall be presented to the Board of Trustees, the City of Menasha's Finance Department, the Winnefox Library System, and the State of Wisconsin. An audit of the fund shall be conducted annually.

2. PROCEDURES

a. **INVESTMENT COMMITTEE.** A committee appointed by the Chairman of the Board of Trustees at their July board meeting shall review the fund's investments at least annually and recommend any

changes to the Board of Trustees for approval.

b. **TRUST/INVESTMENT ACCOUNT.** The library director and administrative assistant shall maintain an accounting of the endowment, which includes investments and a checking account. The checking account is subdivided into various expenditure accounts.

c. **BUDGET.** Annually a budget of anticipated endowment expenditures shall be prepared in conjunction with the library budget. This budget shall be approved by the Board of Trustees. This budget is a plan; actual expenditures may vary. Unexpended encumbered funds at the end of the year remain in their respective subaccounts unless specifically transferred by the Board of Trustees.

d. **MEMORIAL FUNDS.** Subaccounts in the checking account shall be established for funds donated in memory or honor of someone. The library director shall determine whether the donors intend the funds to be used for a specific purpose, including the option of adding the funds to the endowment's investment funds. The Investment Committee shall review the wishes accompanied by donations greater than \$5,000 and recommend to the Board of Trustees for approval the use of such funds.

e. **ACCOUNTING.** As stated in the policy section above, all bills to be paid from the fund shall be included in the monthly list of bills prepared for the Board of Trustees. Copies of monthly balanced checking statements and quarterly trust account statements shall be sent to the City's Finance Department. Quarterly and annual reports are prepared for the Board of Trustees and filed with the Finance Department. The annual endowment report is also filed with the Wisconsin Department of Public Instruction, the City Clerk, and the Winnefox Library System. Endowment fund records shall be audited annually as part of the city's annual audit. Copies of bills paid are kept on file by the library for a minimum of 4 years. All records are available for public examination under Wisconsin open records statutes.

H. GIFTS

1. Gifts of money to purchase books or other library materials may be accepted at the discretion of the library director.

2. Gifts of money to establish a department, subject area, or service not already part of the library shall be approved by the Board of Trustees before acceptance.

3. Gifts of art works, antiques, artifacts and similar items or money to purchase them shall be approved by the Board of Trustees before acceptance.

4. Gifts of furniture of any type or money to purchase same shall be approved by the Board of Trustees before acceptance.

5. Gifts of new or used books or other library materials may be accepted at the discretion of the library director with the understanding that they may be discarded or sold in a book sale if the library cannot use them.

6. All gifts become the sole property of the Elisha D. Smith Public Library.

7. No valuation or appraisal for income tax purposes shall be issued on any items donated to the library, although the library will, on request, prepare a simple receipt for donated items with no value attached.

I. DISPOSAL OF PROPERTY

1. The library director shall determine which property has no further use by the library.

2. The director shall determine the fair market value of such property and dispose of property with a

value less than \$5,000 by

- a. Donation to a nonprofit organization within the city or to a governmental agency.
 - b. Public auction.
 - c. Sale by sealed bid.
 - d. Sale on eBay or similar website.
 - e. Trade in.
 - f. Through a commercial resale service.
 - g. Destruction.
 - h. The library's book sales.
3. Property of value greater than \$5,000 shall be disposed by action of the Board of Trustees.
4. All funds received from sale of library property shall be added to the library's endowment fund.
5. Lost and found property or money found by library patrons or employees shall be turned into the Circulation Desk where efforts shall be made by Support Services staff to locate the owner.
 - a. No employee shall take possession of property or money found at the library at any time.
 - b. If the rightful owner is not located within one month, it becomes the property of the library, with the exception of property such as wallets with identification inside, which shall be turned over to the police department.
6. All stipulations apply from City of Menasha Municipal Code Section 3-4-1 and State of Wisconsin Statutes Section 66.28.

Approved by the Elisha D. Smith Public Library Board of Trustees, October 26, 2016