

WILLIAM JEANES MEMORIAL LIBRARY FINANCIAL POLICY

Purpose, Scope, and Objectives

The purpose of the Financial Plan is to help the William Jeanes Memorial Library (hereafter Library) conduct Library operations in a fiscally responsible way, document the Library's fiscal strategies, and focus its efforts toward future financial goals as determined by the Library Board of Directors. It is the policy of the Library to invest library funds received from all sources in a manner which will provide the highest investment return with the maximum security, while meeting the daily cash flow needs of the Library, and comply with all state statutes governing the investment of public funds. This policy applies to all financial assets of the Library.

The William Jeanes Memorial Library (WJM) is a 501(c)3 registered, independent nonprofit, and does not operate to make a profit. Our goal is to invest our funds into creating a collection of resources that meets our community's needs—from databases for students to children's books to engage new readers, to books, movies, and music to keep lifelong learners engaged.

The Library's physical and digital collection is worth an estimated \$1 million, and includes, books, magazines, movies, music, and more.

While we do not operate to make a profit, the library is always seeking ways to serve our community better and a healthy budget allows us to hire trained staff, offer compelling programming and acquire new books and other materials for all Whitemarsh residents.

Authority

The WJM Library Board of Directors is ultimately responsible for the financial management of all library operations. The Treasurer is authorized to act on the Board's behalf on financial matters when action is required in advance of a meeting of the Board of Directors.

- The Library Director, Board President, Board Vice President, and Board Treasurer are authorized to be one of the two required check signatories.
- The Director is authorized to enter into contracts for activities that have been approved by the Board as part of budgets or plans. The Board of Directors must authorize any contracts outside of these parameters and all contracts with a financial value greater than \$15,000.
- The Director is authorized to manage expenses within the parameters of the overall approved budget, reporting to the Finance Committee on variances and the reason for these variances.
- The Board of Directors must approve any use of the Invested Funds.

Financial Assumptions

The Library's financial goals and objectives are concerned with funding all library services, including staff, programs, services, technology, building maintenance, and materials. The Library Board of Directors is committed to evaluating the various areas of expenses in

advance of needs arising:

- Major facility expenses (replacement flooring, furniture repair/replacement, paint, etc.)
- Appropriate staffing levels and benefits
- Automated system in association with MCLINC
- Upgrading patron and office technology

Each year, as part of the budgeting process with the Library Director, various areas of expenses are evaluated. The Board serves as fiduciary managers, giving library administration direction, and determining the right balance between expenditures and service levels.

Funding

The primary source of operating funds for the Library is Whitemarsh Township, through two forms of appropriation not based on a referendum: millage and direct appropriation. The Board recognizes that property tax funding fluctuates with changes in the economy, variations in taxable valuations, and development within the Township.

Additional revenue sources come from:

- Annual direct mail appeal to current donors within the library service area
- Friends of the William Jeanes Memorial Library
- Bequests and gifts
- Grants
- Endowments
- Fines and Fees
- State Aid
- Fundraising efforts and events
- Facility space rentals (meeting rooms)
- Funds generated through federally insured interest-bearing accounts

Donations

The William Jeanes Memorial Library will accept stock or other negotiable instruments as a vehicle for donors to transfer assets to the organization. Transfer and recording the value of the asset shall be done in a consistent manner and in compliance with accounting standards. The Treasurer shall sell any stock given to the organization immediately upon receipt by the organization.

WJM shall accept contributions of goods or services other than cash that are related to the programs and operations of the Library. Any other contributions of non-cash items must be reviewed and approved by the Board of Directors before acceptance.

Donated or contributed funds may be restricted for specific designated library service-related purposes by the Donor, for which the Library (and Board) will honor and ensure proper fund expenditure.

Conflict of Interest Statement

A Conflict of Interest Statement will be signed by all Board Members annually and/or upon joining the Board.

Accounting Principles

The Library primarily operates on an Accrual accounting system. Accrual accounting is an accounting method where revenue or expenses are recorded when a transaction occurs rather than when payment is received or made. The method follows the matching principle, which says that revenues and expenses should be recognized in the same period. Bills are paid on original invoices only and are paid as close to the invoice due date as possible while taking into consideration the library's business cycles.

Investment Strategy

Library Endowments and Funds, other than Operating funds, will be held in low to moderate risk investments. These include Bonds, CDs, Mutual Funds, as determined by the Library Board Financial Committee.

Operating Funds will be held in a local bank account.

The Library Board will create and periodically review an Investment Policy.

Financial Goals

Goals for increased financial stability include:

- Have at least 8% of Library revenue in all funds come from non-tax related sources
- Continue to pursue grants to augment library programs and services
- Seek corporate partnerships and/or sponsorships
- Maintain the State Aid-mandated collection expenses as a set percentage of overall budget in order to receive State Aid.

Conservation of resources can be achieved through cost containment measures such as:

- Monitoring staffing patterns to ensure that work is done efficiently and in the most cost-effective ways possible
- Seeking new technologies to increase staff output, and carefully monitoring budget performance reports to ensure accuracy and timeliness
- Periodic reviews of internal controls and external contracts

PROCEDURES AND INTERNAL CONTROLS

Audit: Whitemarsh Township will authorize an outside agency to conduct an annual review of the Library's financial statements. A draft will be reviewed by the Director, bookkeeper, Board President, and Board Treasurer. The Director and Treasurer provide audited/reviewed financial statements to the Board of Directors yearly.

Bank statements: All bank and investment statements will be reconciled monthly by the Bookkeeper, and reviewed by the Director and the Finance Committee. The Bookkeeper will create an Invested Funds Report monthly for board Review.

Budget: An annual budget shall be presented to the full board for a vote at the Board of Directors' meeting in January each year.

Cash and salary advances: Cash and salary advances to employees and cashing of employee personal checks are not allowed. Direct and necessary expenses including travel for meetings and other activities related to carrying out responsibilities shall be reimbursed. In no case shall WJM borrow funds from any employee, officer, or director of the organization without specific authorization from the Board of Directors.

Cash Deposits: The Library records cash transactions at the Circulation desk and reconciles them daily by trained staff. The daily reconciliations are reviewed by the Administrative Assistant, who verifies and transmits them to the Bookkeeper. The Circulation Manager will notify the Bookkeeper of any receipt that is a Replacement Cost. The Bookkeeper will prepare the deposit, and reconcile the bank statements.

Credit Cards: Designated staff will receive a library credit card in their name. Receipts shall be retained, then coded and attached to the credit card statement, by each employee upon receipt of the statement. Statements are reviewed and approved by the Director, then posted by the bookkeeper for payment.

Files: The Library will maintain financial files in hardcopy or external electric form (such as a flash drive) in accordance with the Library's Record Retention Policy. Secure cloud storage will be used as backup.

Financial statements: Fiscal statements, including a monthly and year-to-date balance sheet, will be prepared on a monthly basis by the Bookkeeper, forwarded to the Treasurer, and will be reviewed by the Director and Board of Directors on an ongoing basis to ensure budgetary compliance.

Invoices: Original invoices are reviewed and coded by the Administrative Assistant, approved by the Director, and then given to the Bookkeeper in a timely fashion. The Bookkeeper prepares paper checks which are reviewed and signed by any two of the following: the Library Director, Board President, Board Vice President, and/or Board Treasurer. An authorized signer should under no circumstances sign a blank check.

Online Accounts: The Director and Treasurer determine which operating and budgeted expenses may be paid by Electronic Fund Transfer (EFT). The finance committee determines which online banking services are acceptable for use by the Director. The Director serves as the primary point-of-contact and user for the library's online bank, retirement, credit card, and investment accounts. The Treasurer serves as the secondary point-of-contact.

Payroll: Part-time payroll is prepared by the Circulation Manager and approved by the Director, then transmitted to the Township's Finance Department. Paid Time Off taken by any employees

is recorded by the Director and filed for the audit, along with reviewed and signed time sheets.

Petty Cash: A petty cash fund is kept by the Director for the reimbursement of approved staff expenses. The fund is reconciled and replenished as needed. Cash receipts will be accounted for and reconciled by the Director and Bookkeeper. When more funds are needed, the Bookkeeper will use the Operating funds.

State Aid: The Library Director will apply for State Aid on an annual basis, and maintain the “Quality Libraries Aid” standards required for State Aid, including professional certification of and continuing education requirements for the Director. Through the Library staff’s biennial continuing education, the number of hours the Library is open to the public, and the expenditure of a set percentage of the Library’s revenue on collection expenses, the Library will strive to meet the additional eligibility requirements for “Incentive for Excellence Aid.” Should the Library fail to qualify for the Incentive Aid, the Library Director will notify the Library Board, and the budget will be adjusted accordingly.

All reported concerns or complaints regarding the library’s accounting practices, internal controls and auditing process shall be addressed by the Library Board Finance Committee. The person making the complaint shall be advised of the resolution within a reasonable time.

The William Jeanes Memorial Library Board of Directors may update this policy as needed.

Adopted by the Library Board of Directors—8/25/21