



**Address** 123 North Main Street, Fitzgerald, Georgia 31750 | **Phone** (229) 426-5080 | **Fax** (229) 426-5084 | **Website** [www.fbhcl.org](http://www.fbhcl.org)

## Financial Policies

*Approved by Board of Trustees October 25, 2016*

### Budget Policy

The Library operates on two fiscal years, July 1 through June 30 for state funds and January 1 through December 31 for local funds. An annual budget will be adopted for the same time frames.

- An annual budget will be prepared for each fiscal year.
- The Library Board of Trustees will approve each budget.
- Approval shall take place prior to the start of the corresponding fiscal year.
- Revenues will be budgeted according to local government funding sources, state grant funds, and library generated charges (fines and fees).
- Expenditures will be budgeted according to four broad categories –
  1. Personnel costs: to include all salaries, wages, and benefits
  2. Building costs: to include all utilities, supplies, and fees incurred in building maintenance
  3. Public Resources: to include all costs for public use supplies, books and materials, public equipment and technology, and program costs
  4. Staff Resources: to include all publicity, training and travel costs, administrative and technical supplies, and postage

The budget will be prepared using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they are measurable and available.

- Available means the amount has been received or will be received soon enough to pay liabilities of the current period. Availability is defined within thirty days of year end.
- Expenditures are recognized when measurable, incurred, and payable from current assets. Incurred means that the goods or services have been received. Payable from current assets means resources are currently available to pay the obligation.
- In order to control expenditure of funds, a quarterly statement of budget to actual revenues and expenditures will be prepared and presented to the Library Board.
- The Library Director shall have authority to move the budget between line items within the four categories of Personnel, Building, Public Resources, and Staff Resources.
- Any changes that require increasing category expenditures and/or total expenditures must be approved by the Library Board.
- The Library will operate each fiscal year with a balanced budget for state funds and a balanced budget for local funds.
- Inasmuch as possible, budgeted revenues will be sufficient to fund budgeted expenditures. To the extent this is not possible, fund balance will be relied on to balance revenues and expenditures. When

this occurs, every effort will be made to bring the revenues and expenditures in line by either increasing revenues or decreasing expenditures.

- One-time revenues will not be used to fund ongoing operating expenditures. Instead, these resources will be used to make one-time purchases.
- At a minimum, a fund balance will be maintained at an amount equal to one (1) month's expenditures. To the extent possible, the Library Board and Director will strive to maintain a fund balance at the optimal amount of three (3) months' expenditures.

### **Revenue Policy**

- The Library will assume a conservative approach in estimating revenues.
- Library fines and fees collections for the current fiscal year will be reviewed when estimating the next year's budget.
- Budget for local government revenue will be based on the currently approved support unless notification has been received of approved support for the next fiscal year.
- Grant revenue will be budgeted at the current level unless information is received amending current amounts.
- As a PINES member library, the Fitzgerald-Ben Hill County Library follows the fine schedule set by the PINES Executive Board.
- Fees charged by the Library will be reviewed annually by the Library Board in conjunction with the budget approval. Changes in fees must be approved by the Library Board.

### **Capital Assets Policy**

The Library has a significant investment in capital assets including books and technology.

- A list of capital assets will be maintained for purposes of ensuring the safekeeping of those assets and planning for replacement of the assets.
- The capital asset threshold is \$5,000 for a single capital asset. All computers will be inventoried for purposes of safeguarding and planning for replacement.
- Library materials will be depreciated using a ten year life. Technology capital assets will be depreciated using a five year life. Straight line depreciation will be used with zero salvage value.

### **Expenditure Policy**

- Expenditures should be incurred based on available budget. Only those expenditures that are payable from current assets are recorded.
- The Library Director has the authority to approve all expenditures. Only those expenditures that are used for library purposes are allowable.

### **Financial Accounting Policy**

- Transactions will be recorded using the modified accrual basis of accounting and the current financial resources measurement focus.

- Pronouncements of the Governmental Accounting Standards Board will govern recording of transactions.

### **Financial Reporting Policy**

- At the end of each fiscal year, the Library will prepare an operating statement using the modified accrual basis of accounting.
- The statement will be prepared by revenue source and functional expenditures (Public Service, Technical Services, Support Services, Information Technology, and Maintenance and Operations).
- Annually, the Library shall engage a Certified Public Accountant to perform an audit or agreed upon procedures of the financial records.
- Every attempt should be made to have the audit or agreed upon procedures completed no later than December 30 following the close of the fiscal year. The results will be made available to the Fitzgerald City Council and the Ben Hill County Board of Commissioners.

### **Deposit and Investment Policy**

- The Library will follow all Georgia laws regarding allowable financial institutions and investments.
- The Board will designate signatories on the accounts. Should the Library have excess funds available for investment, certificates of deposit from an FDIC insured financial institution may be purchased. The Library Director has the authority to determine when investments will be purchased and maturity dates. At all times, balances on deposit at financial institutions must be properly collateralized according to Georgia Code requirements.
- The Library will maintain a program of investing all government funds under the direction of the Library Director.
- The investment program shall be operated based on the following principles in the order listed.
  1. Legality – all investments comply with state and local laws
  2. Safety – principal is protected from loss with secure investment practices and collateralization
  3. Liquidity – investments are readily convertible to cash when needed without losses
  4. Yield of Return on Investment – earnings are maximized without diminishing the other principles
- The investment program should use a competitive selection process for investments in excess of 30 days. Investments should only be placed with qualified financial institutions.
- The investment program should provide for a system of internal control over investments and timely financial reporting over investing activities.

### **Purchasing Policy**

The Library will use the following thresholds when making Library purchases:

- All individual item purchases exceeding \$2,000 cost for each item will require a minimum of three telephone quotes.
- All individual item purchases exceeding \$5,000 cost for each item will require a minimum of three written quotes from submitting vendors.

- All individual item purchases exceeding \$10,000 cost for each item will require a minimum of three sealed bids from submitting vendors. Notification of bids will be advertised in the County's legal organ. Certain purchases will be exempt from the purchasing policy –
  1. Professional services such as accounting and legal services, performers, and computer technicians
  2. Library Materials
  3. Utilities
  4. Employee Benefits
  5. Travel.
- In the event of an emergency, the Library Director may override the purchasing policy. An emergency is defined as loss of normal operating conditions.

### **Employee Compensation Policy**

- The Library Board will establish a hourly rate/salary range by position.
- Minimum pay rates will be in accordance with federal rates. The Library Board will set the annual Director's salary in compliance with state requirements.
- As part of the annual local budget proposal, the Library Director will recommend to the Library Board employees' compensation using performance and available funding as a guide.

### **Check Charges**

- The library will charge a \$15.00 fee for each returned check.
- No checks under \$1.00 will be accepted.