

# **FINANCIAL POLICIES**

## **for Piedmont Regional Library System**

*Approved by Piedmont Regional Library System Board of Trustees, October 2014*

### **Clarification of Terms:**

Piedmont Regional Library System

also referred to as the Library, PRL, or PRLS

Piedmont Regional Library System Board of Trustees

also referred to as the Library Board, PRLS Board, Regional Board, Regional Library Board, or Board of Trustees of the Piedmont Regional Library

Georgia Public Library Service

also referred to as Georgia Public Library Services, the State Library or GPLS

### **100 Budgeting**

#### **100.1 Legal Level of Control**

The budget shall be adopted at the legal level of budgetary control which is the fund/department level. Transfers of appropriations within a fund shall require approval of the Library Director. According to the Chart of Accounts for Georgia Public Libraries (effective July 1, 2010), current funds are: General Fund; Special Revenue – Federal; Special Revenue – State; Special Revenue – Other; Capital Projects; Permanent Fund; Affiliates; and Capital Assets Control Fund.

Transfers between funds shall require approval of the Library Board. In accordance with PRLS Bylaws (Article IV, Section 8) approval will require a majority vote of a quorum, currently five members present.

The Director shall operate within budget limitations to prevent emergency situations.

#### **100.2 Budgetary Control / Reports (to assure timely adherence to the budget)**

Each month's close out will be completed by the 15th of the next month, which includes comparing revenues, expenditures and encumbrances with the budgeted amounts.

The most recently closed-out month-end reports are generated on at least a quarterly basis and represent the fiscal state of the library to the Library Board.

### **100.3 Budgeted Funds**

#### **100.3.1 Balanced Budget Requirement**

*Approved by Piedmont Regional Library System Board of Trustees, October 2014*

In the annual budget, the total anticipated revenues must equal or exceed the total estimated expenditures for all funds.

#### **100.3.2 Fund Balance**

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The library will attempt to establish an unreserved fund balance in the general fund to pay expenditures caused for unforeseen emergencies, for cash shortfalls caused by revenue declines, and to eliminate short-term borrowing.

The Georgia Public Library Service recommends 1/12 of our budget be allocated in a fund balance for contingencies. To reflect a fiscally conservative tone, PRLS will allocate 3/12 of the total annual budget in a fund balance for contingencies.

#### **100.3.3 Status of Encumbered Funds**

All appropriations lapse at year-end except for those related to capital projects. Grant funds lapse at the end of the project or grant period. Any encumbered appropriations at year-end may be re-appropriated by the library board in the subsequent year.

#### **100.3.4 Grants**

As a general rule, PRLS does not budget for grants or donations. Any funds received during the fiscal year are accounted for in regular budget adjustments. The library director (or his/her designee) has the authority to sign grant applications.

### **100.4 Budgeted Categories**

The object categories used in budgeting follow a standard set by GPLS. The following are a highest level of representative examples (for a complete, detailed list of all the account codes divisions, please see the PRLS Chart of Accounts):

- 5100 Personal Services – Salaries (includes hourly and temporary employees)
- 5200 Personal Services – Employee Benefits
- 5300 Purchased Professional and Technical Services
- 5400 Purchased Property Services (utilities, grounds, vehicle costs)
- 5500 Other Purchased Services (insurance, telecommunications, postage, travel)
- 5600 Supplies and Materials (books and non-print materials, supplies, ~~utilities~~, printing)
- 5700 Property (land, construction, software, inventoried & capitalized equipment)
- 5800 Other objects (dues, fees and subscriptions)
- 5900 Other Uses

### **100.5 Budgeted Basis of Accounting**

The budgeted basis of accounting is the modified accrual basis, which is consistent with generally accepted accounting principles by the Governmental Accounting Standards Board (GASB).

Revenues are budgeted when they become measurable and available. Expenditures are charged against the budget when they become measureable and a liability is incurred which will be paid with current resources.

## **Credit Card Use**

*Approved by the Piedmont Regional Library Board, October 2014*

1. Credit cards are issued to the Director, selected Regional Office staff, and to each Barrow Library Manager. The use of credit cards is for purchases not readily available through standard invoicing, such as office supplies, gasoline, electronic resources, reserving hotel rooms and travel-related expenses.
2. Personal use or benefit of the credit cards is prohibited.
3. In order to prevent loss, theft of public funds, or unauthorized use, credit card use will be monitored by the Library Manager or Director and kept under lock and key.
4. Prior approval of a purchase must have been granted by the Director-or a Library Manager before a credit card can be used.
5. Within five business days of use, cardholders must send receipts and completed PRLS purchase forms to regional office.
6. At the end of the month, the HR/Finance Manager will reconcile the receipts with the credit card statement and forward all receipts for payment.
7. Every effort must be made to provide the Georgia tax-exempt form for applicable purchases.
8. PRLS credit card holders are responsible for ensuring that appropriate use occurs at all times. Any charges not substantiated by supporting documentation will be the responsibility of the card user. A lack of timely reporting of credit card purchases will revoke credit card privileges.

## **Policy on Uncollectable Accounts Receivable**

*Approved by the Piedmont Regional Library System Board October 2014*

The Piedmont Regional Library System will follow the Georgia Public Library Service and the Georgia Department of Audits recommended guidelines for uncollected accounts receivable. While the specific criteria for these guidelines may change, the intent is to “write-off” uncollectable debt of a specific amount over a specific period of time.

## **Moving from Audits to Agreed Upon Procedures**

*Approved by the Piedmont Regional Library System Board, October 2014*

As the Georgia Department of Audits will no longer audit public libraries, PRLS adopts a standard practice of "Agreed Upon Procedures" for an annual review of our financial state of well-being.

## **Returned Checks**

*Approved by the Piedmont Regional Library System Board, October 2014*

A fee of \$10.00 will be charged for returned checks. (This policy is for patrons and staff alike, but the fee for a first-offender staff member may be waived by the Director if extenuating circumstances are explained in a timely manner and payment is made good.)

# **LIBRARY MATERIALS AND OTHER ASSETS CAPITALIZATION POLICY**

*Approved by Piedmont Regional Library System Board, October 2015*

*Revisions Approved January 2016*

Piedmont Regional Library System will use the instructions provided by Georgia Public Library System for capitalization of the materials collection.

## **Library Books and Materials Definition**

A library book is generally a literary composition bound into a separate volume and identifiable as a separate copyrighted unit. Library materials also include information in other formats, such as DVDs, magazines, CDs, etc. Changes in value for public libraries may be reported on an aggregated net basis.

## **Library Characteristics**

A public library normally has one or more of the following characteristics:

- Internal controls are in place in lieu of central property management.
- Checkout procedures and policies exist and are used.
- Individual item cost and supplemental information is generally contained in a supplemental database.
- Volumes assigned to libraries are typically available for checkout or use.
- The value is material to the organization.

Capitalization of library materials will be reported on a composite basis by making net adjustments to total value to reflect increase or decrease in total value. Net adjustments must be made at least once annually by the close of the fiscal year.

## **Depreciation Methodology**

The composite rate method of depreciation will be used for library materials. The useful life of library assets is 10 years. The straight-line depreciation method with half-year convention will be used for all other assets.

## **Materials Capitalization Threshold**

All purchases of books and materials should be capitalized, as there is no minimum dollar amount. Library acquisitions are valued at cost or other reasonable basis; deletions are valued at annually adjusted average cost. The library should maintain records of all books and other library items, which should suffice as detailed inventory records. Books, periodicals and other materials purchased but not used in a library should be expensed unless they constitute a capital event. Other individual assets valued at \$5,000 or more will be capitalized.

### Examples of Expenditures to be Capitalized as Library Books and Materials

- Invoice price
- Freight charges
- Vendor charged handling and processing
- In-transit insurance charges