

Financial Policies

Accounting and Financial Reporting | Budget | Unrestricted Fund Balance
Equipment Capitalization and Inventory | Cash and Investment | Purchasing | Revenue

The financial policies and resources of the Northeast Georgia Regional Library System (hereafter referred to as NEGRLS) are the responsibility of first, the Regional Library Board, and secondly, the individual affiliated county Library Boards. The Regional Library Director (hereafter referred to as Director) is charged with implementing the financial policies as established by the Regional Library Board, monitoring and evaluating NEGRLS's finances, and providing information to the Regional Library Board and the affiliated county Library Boards relating to the financial situation for their individual libraries and regional office.

Accounting and Financial Reporting

- The Northeast Georgia Regional Library System will use the uniform chart of accounts administered by Georgia Public Library Service (GPLS) for recording all transactions.
- NEGRLS will provide all required financial reports to Georgia Public Library Service.
- Annually, NEGRLS shall engage a Certified Public Accountant to perform an audit or agreed upon procedures (AUP) of the financial records.

These procedures will be based on requirements set by Georgia Public Library Service (GPLS).

Every attempt should be made to have the audit or AUP completed no later than December 31 following the close of the fiscal year. The results will be made available to all affiliate and regional library board members as well as funding agencies.

- NEGRLS will establish and maintain an accounting system that allows for the proper accounting of all resources.
- NEGRLS will maintain accurate records of all fixed assets to ensure a high degree of stewardship of public property.

Budget

The Northeast Georgia Regional Library System operates on a fiscal year, July 1 through June 30. An annual budget will be adopted for the same time frame.

- An annual budget will be prepared each fiscal year for each county's library affiliate and for the regional office.
- When funding is set by state and local funding agencies in time to present a budget at the year's last regularly scheduled affiliated county Library Board and the Regional Library Board meetings, approval shall take place prior to the start of the fiscal year.

*If funding has not yet been committed by the state and/or local funding agencies before the year's last regularly scheduled affiliated county Library Board and the Regional Library Board meetings, the Director and affiliate library managers shall present a budget proposal based on

estimated funding. The budget proposal shall be amended as necessary and presented at the year's first quarterly affiliated county Library Board and the Regional Library Board meeting for approval.

- 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 (4) broad categories:
 - a. Public Resources: to include all costs associated with providing services to Library customers (Function 10, 50);
 - b. Staff Resources: to include all costs associated with acquiring, cataloging, and processing of Library materials and all costs associated with management and support of Library services (Functions 23, 25);
 - c. Building & Technology Resources: to include all costs associated with maintaining facilities and grounds in good working condition and in keeping them safe and comfortable for use and all costs associated with providing access to electronic materials and services (Functions 26, 27).
 - d. Facilities Acquisition and Construction: to include all costs associated with the acquisition of land and buildings, renovation and new construction, and purchase of furniture and equipment for new or renovated spaces (Functions 40).

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:
 - * Measurable means an amount can be determined accurately;
 - * 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 each affiliate Library Board and to the Regional Library Board.
- The Director and affiliate library managers shall have authority to move their respective budgets between the three (3) categories of Public Resources, Staff Resources, and Building and Technology Resources.
- Each affiliate library and the regional office will operate each fiscal year with a balanced budget.
- Current expenditures shall be financed with current revenues, which may include that portion of fund balance available for expenditure.
- One-time revenues will not be used to fund ongoing operating expenditures. Instead, these resources will be used to make one-time purchases.

Unrestricted Fund Balance

- Each county library affiliate and the NEGRLS regional office shall attempt to establish an unrestricted fund balance in the General Fund. The purpose is to pay expenditures caused by

unforeseen emergencies, handle shortfalls caused by revenue declines, and to eliminate any short-term borrowing for cash flow purposes. This reserve shall accumulate and attempt to be retained at an amount which represents two months of operating expenditures.

- Unrestricted fund balance may be used as a funding (revenue) source for that fund's budget. The amount of unrestricted fund balance shall be estimated very conservatively.

Equipment Capitalization and Inventory

The Northeast Georgia Regional Library System has a significant investment in fixed assets, including books and technology. With the exception of specific items or situations approved by the affiliated county Library Board or Regional Library Board of Trustees, the Northeast Georgia Regional Library System will follow the guidelines for tangible personal property (equipment) established for programs funded in whole or in part by state funds or U.S. Department of Education federal program funds. (Financial Management for Georgia Local Units of Administration, p.v.41-107)

Definitions:

Equipment is a material item of a non-expendable nature, such as a movable unit of furniture or furnishings; an instrument or apparatus; a machine (including attachments); an instructions skill training device; or a set of small articles whose parts are replaceable or repairable, the whole retaining its identity and utility over a period of time which is characteristic of and definable for items of its class. It has a life expectancy of two or more years and a unit cost of \$5,000 or more.

Fixed assets include all land, buildings, equipment, vehicles, and library collections owned by the library. Purchased fixed assets are recorded at historical cost (or estimated historical cost if actual cost figures are not available). Donated or contributed assets are recorded at their fair market value on the date donated. For accounting purposes at the Regional System office, fixed assets will refer to equipment, buildings, vehicles, and land valued at \$5,000 and above. The general collection of books and materials is also a part of fixed assets.

- A list of fixed assets will be maintained for purposes of ensuring the safekeeping of those assets and planning for replacement of those assets.
- An inventory of all fixed assets will be conducted biennially, with the exception of the materials collection, which will be inventoried by sections (fiction, non-fiction, etc.) on a continuous five (5) year cycle. Technology fixed assets will be inventoried for purposes of safeguarding and replacement planning.

Inventory Records

Inventory records will include the following information:

- Description of the equipment
- Serial number
- Identification tag number
- Title holder
- Acquisition date
- Cost of the equipment

- Location
- Use and condition
- Any ultimate disposition data, including the date of disposal and sale price of the equipment

The useful lives of fixed assets will be as follows:

1. Buildings – thirty (30) years. Repairs necessary to maintain building in good condition will be communicated to responsible local governments.
 2. Materials Collection – five (5) years with 20% annual depreciation The collection is defined as “the aggregate of all books, CDs, DVDs, and other materials with a useful life of more than one year” and will be capitalized as a unit for financial reporting purposes.
 3. Office and Library Furniture – ten (10) years
 4. Technology Assets – three (3) years
 5. Vehicles – five (5) years
- Discrete components of fixed assets with significantly shorter lives will be treated as a separate fixed asset if value is greater than \$5,000.00 or treated as a repair or disposal if value is less than \$5,000.00.

Disposal: When furniture, equipment, and other fixed assets owned by the Regional System or affiliated libraries are no longer usable by any of the libraries in the System, they may be disposed of at public auction, by advertisement for sealed bids, or by other means whereby the general public may have an opportunity to purchase them. All items are to be sold “as is,” and the buyer will be required to sign a form indicating that he understands that there are no explicit or implicit guarantees, warranties, or any other obligations on the part of the library. Items that are not bid upon or purchased, or that are damaged beyond repair, may be discarded or given away at the discretion of the Director or affiliate library manager.

Books, videos, audiotapes, records, and any other library materials may be disposed of in books sales by the library. The Friends of the Library may sell books and other materials that have been discarded by the library in accordance with the Collection Development Policy, as well as those donated to, but unusable by the library. Funds raised by the sale of these materials are directed into the support of the library’s materials collection or other resources for the advancement of the library’s mission. Books and other materials that have not been purchased at the end of a sale may be retained for future sales, given to other libraries or institutions, or disposed of at the discretion of the library.

Cash and Investment

- The Northeast Georgia Regional Library System will maintain a program of investing all government funds under the direction of the Library Director or affiliate library managers as approved by the affiliated county Library Boards or the Regional Library Board.
- NEGRS will follow all Georgia laws and federal/state regulations for investing public funds and safekeeping and security requirements.
- The affiliated county Library Boards and the Regional Library Board will designate signatories on the accounts.

- NEGRLS should use a competitive selection process for investments in excess of thirty (30) days. Investments should only be placed with financial institutions covered by the Federal Deposit Insurance Corporation (FDIC).
- All deposit accounts shall be fully collateralized as required by Georgia Law.
- 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

Purchasing

State and Federal Laws: All purchases will be made within the legal requirements of the laws of the State of Georgia and of the United States with the advice of the Regional Director as necessary. Individual libraries affiliated with the Northeast Georgia Regional Library System may use this policy or establish their own policy so long as all purchasing is made in compliance with state and federal laws.

Small Purchase Policy: Purchases for less than \$10,000 may be made without soliciting bids or proposals. In making purchases of less than \$10,000 the following guidelines shall be followed:

- The purchasing agent shall compare prices from as many responsible suppliers of the goods or services required as is practical, and shall purchase from that supplier where total costs are lowest, when quality and timeliness of delivery are comparable.
- Preferences will be given to products manufactured in the United States.
- Preferences will be given to purchasing from businesses in the county where the library is located or within the counties of the Northeast Georgia Regional Library System when total cost, quality, and timeliness of delivery are comparable.

Large Purchase Policy: If the purchase is expected to be more than \$10,000 the purchasing agent shall solicit quotes from three or more vendors known to provide the goods or services required. The requirements of the State of Georgia and the United States Government will be followed for such goods or services unless provided through agencies listed in the Government Contract Purchases Section.

Government Contract Purchases: The libraries may purchase goods and/or services outright through State of Georgia Contract, the U.S. Communities Government Purchasing Alliance, Regional Education Services Agency Cooperative Purchasing, or through local governmental contracts.

The Disposal of Surplus and Outmoded Equipment

If the equipment was purchased with federal, state, or local funds and the fair market value is less than \$5,000, the items will be donated to another non-profit organization or sold at a public sale or offering. A notice of the sale will be posted prominently. Such public sales or offerings will last at least ten days, during which the sale items will be displayed prominently.

All items are to be sold “as is,” and the buyer will be required to sign a form indicating that he understands that there are no explicit or implicit guarantees, warranties, or any other obligations on the part of the library. If any items remain unsold after such sale, they may be disposed of as the affiliate manager or the Regional Director sees fit.

Any money derived from sale of surplus or outmoded equipment will be deposited in the operating account of the affiliated library where the item is sold. Any money derived from sale of equipment located in the regional offices will be deposited into the regional operations account.

For all equipment carrying a regional inventory tag, the tag numbers will be listed along with the inclusive dates of the public sale, the date of actual disposal, and the amount received, if any. This information will be sent to the Regional System’s librarian so that it can be noted in the regional inventory for audit purposes. The Affiliate Manager or Regional Director will remove the green regional inventory tag from the item at the time of sale. This information applies to disposed equipment purchased with local money.

Revenue

- Affiliated libraries and the NEGRLS regional office will estimate its revenues by an objective analytical process in a conservative manner.
- Affiliated libraries and the NEGRLS regional office will seek public and private grants, contracts, and other outside sources of revenues for funding projects where appropriate.
- Affiliated libraries will establish the levels of all user charges based on an analysis of the cost of providing the services. User charges will be evaluated annually. As PINES member libraries, affiliated libraries of the Northeast Georgia Regional Library System follow the fine schedule set by the PINES Executive Committee.
- Affiliated libraries and the NEGRLS regional office will seek to use one-time revenues to fund non-recurring, one-time expenditures.