

**Houston County Public Library System
Financial Policies
Budget Policy**

Approved by HOUPL Board of Trustees 2015 Jan 08

Budget

The budget process provides the primary mechanism by which key decisions are made regarding the levels and types of services to be provided given the anticipated level of available resources. Budget policy states how this is achieved and addresses the need for financial health and stability.

Balanced Budget

The budget shall be balanced for each and every budgeted fund. Total anticipated revenues plus that portion of the fund balance that is designated as a budget funding source shall equal total estimated expenditures for each fund.

Financing Current Expenditures

Current expenditures shall be financed with current revenues which shall include that portion of fund balance available for expenditure. The Library shall avoid budgetary procedures that balance current expenditures through the incurrence of debt, or which finance on-going expenditures with one time revenues, such as grant funding. The operating budget shall be developed to control both the direct and indirect costs of programs and services whenever practical.

Level of Budget Adoption

All budgets shall be adopted at the legal level of budgetary control which is the Blackbaud account level (i.e., expenditures may not exceed the total appropriation for any budget line by more than 10% without the Library Board's approval).

All budgets shall be adopted on a basis consistent with Generally Accepted Accounting Principles. Revenues are budgeted when they become measurable and available and expenditures are charged against the budget when they become measurable, a liability has been incurred, and the liability will be liquidated with current resources.

Budget Categories

The following categories include but are not limited to :

- * Personnel and benefits
- * Equipment including copiers
- * Insurance
- * Technology including computer software
- * Professional and Other Services
- * Supplies and Operating Charges
- * Repairs and Maintenance
- * Library materials

- * Utilities including Telecommunications
- * Motor Vehicle
- * Travel and Training

Budget Objective by Type of Fund

The following budget objectives are established for the different types of funds utilized by the Library:

- * **General Fund** -The budget for the General Fund shall provide for the general operations of the Library and maintain the working capital necessary for financial health and stability. These funds come from government revenue and library charges for services.
- * **Special Revenue Funds** – These budgets are prepared for special revenue funds that display the legally restricted revenue sources and how these sources are utilized. Example – SPLOST.
- * **Capital Projects Fund** – These budgets for capital projects shall not lapse at the end of a fiscal year, but shall remain in effect until project completion.
- * **State Grants and Reimbursements** – These budgets are prepared for restricted sources of revenue or reimbursements for specific types of expenditures.
- * **Donation** – These budgets may be restrictive and targeted at specific types of purchases or they may be unrestricted with no guidelines. Restrictions are sometimes set by the donor. Example – Friends of the Library.

Budget Preparation

Budgets shall be prepared for current service level. A current services budget is defined as that level of funding which is necessary to provide the same level of service for the upcoming year that is currently being provided. An expanded services budget includes funding request associated with new service (s) and/or additional personnel and/or wage increase for personnel.

Budgetary Control / Reports

A system of budgetary controls shall be maintained to assure adherence to the budget. Timely monthly financial reports shall be prepared comparing actual revenues, expenditures and encumbrances with budgeted amounts and provided monthly to the Library Board of Trustees.

Authorization of Budget Adjustments

The budget is a dynamic rather than static revenue and spending plan which requires adjustment from time to time as circumstances change. Approval of the Library Board is required for increases in total overall budget amounts or in amounts greater than \$5,000. Approval of the Library Director is required for changes in budgets in amounts less than \$5,000.

Budget Amendment Process

The Library Board shall authorize funding sources increases or decreases as well as associated changes in the expenditure budget at the legal level of authority.

Budget Lapses at Year End

All operating budget appropriations, except for SPLOST and donation funds, shall expire at the end of a fiscal year. In accordance with generally accepted accounting principles, purchases encumbered in the current year but not received until the following year are paid from the budget of the following year. However, when necessary, Library Board may make a re-appropriation to resolve unusual situations or hardships caused by this policy.

Contingency Balance

The Library 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.

Utilization of Prior Year's Fund Balance in Budget

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.

Maintenance and Replacement of Capital Equipment

Priority shall be given in budget preparation and enactment for adequate maintenance of capital equipment and facilities, and for their orderly replacement.

Federal and State Grants

The Library Board shall approve all grants and grant applications through board action. All Federal and State grants shall be subject to the Library's accounting and budgetary policies. All key financial provisions, including required local match, shall be included in the board actions.

Announcement of Budget

The Library shall comply with all state laws applicable to budget hearings, public notices and budget adoption. A proposed budget will be presented to the board at least one month prior to board adoption.