Accounting and Financial Reporting
Worth County Library System will establish and maintain a high degree of Accounting practice. Accounting systems will conform to Generally Accepted Accounting Principles. WCLS will use the uniform chart of accounts administered by Georgia Public Library Service. The accounting and financial reporting responsibilities will be managed by the Business Manager under the direction of the Director. An independent accountant will perform Agreed-Upon Procedures (AUP) to the financial records of WCLS annually. The AUP will be performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The Library will develop an ongoing system of financial reporting to meet the needs of the Library Board and contributing local governments. The reporting systems will promote budgetary control.

Budget
WCLS operates on a fiscal year, July 1 through June 30. The annual budget will be adopted for the same timeframe. The Director will develop the fiscal year budget based on experience from the current and previous fiscal years, priorities established through strategic planning, and any directions received from the Library Board of Trustees. Replacement plans for computer equipment and other items will be considered in the budget process. The Director will present the proposed fiscal year budget to the Board. The presentation will include a comparison to the previous fiscal year and will clearly display sources (revenues and budgetary fund balance) and uses (expenditures and reserves). The Board shall adopt the budget prior to the beginning of the fiscal year (July 1).

Revenues will be budgeted according to estimated funding from Worth County Government, the State of Georgia, library-generated income (e.g., fines and fees), and other sources. Expenditures will be budgeted according to three broad categories: Personnel (to include all salaries and benefits), Materials (to include books, periodicals, movies, and electronic resources purchased for public use), and Operating (to include all other costs incurred in operating the library). The budget shall include an amount for unforeseen operating expenditures. The amount of this contingency shall be 3% of the total budgeted expenditures.

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 as within sixty 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.

Fiscal year budget categories are Personnel, Materials, and Operations. Transfers of appropriations within a category require the approval of the Director, but not the Board of Trustees. Transfers between Personnel, Materials, and Operations require the approval of
the Board. Any changes that require increasing or decreasing the total revenue or total expenditures require the approval of the Board. A statement of budget to actual revenues and expenditures will be prepared and presented at each regular meeting of the Board of Trustees. The Library Director will explain areas with unusual fluctuations and other significant issues.

**Capital Assets**

**Purpose:** The purpose of this policy is to provide accountability and to safeguard capital assets owned by the WCLS.

**Definition of Capital Assets:** Capital assets that are used in the operations and that have estimated useful lives extending beyond a single reporting period (i.e., one year). Examples of capital assets in a public library include vehicles, equipment, furniture and materials collections.

**Capitalization Threshold:** Capitalization threshold is the monetary criterion used to determine whether a given asset should be reported on an entity’s Balance Sheet. For purposes of financial reporting and inclusion on WCLS’s list of capital assets, the capitalization threshold shall be $5,000. Therefore, items with an original cost of $5,000 or more will be considered capital assets and will be capitalized for financial reporting purposes.

**Library’s Materials Collection:** In compliance with GASB (Governmental Accounting Standards Board Statement 34) the Library’s material collection—the aggregate of all books, CDs, DVDs and other materials with a useful life of more than one year—regardless of the original cost of individual items, will be considered a capital asset and will be capitalized for financial reporting purposes.

**Authority and Procedures:** The Director has the authority to implement the capital assets policy and to establish and enforce procedures to 1) ensure this policy is followed, 2) provide staff with instructions related to capital assets and 3) ensure a strong internal controls environment.

**Valuation of Capital Assets:** Capital assets will be recorded at actual cost. Normally the cost recorded is the purchase price or construction cost of the asset, but also included is any ancillary costs (reasonable and necessary costs incurred to place the asset in its intended location and intended use; e.g., shipping, professional services) that can be directly related to the asset.

**Valuation of Donated Assets:** Donated assets are assigned values for accounting and asset management purposes. Donated or contributed assets should be recorded at their fair market value on the date donated or acquired. Items donated for materials collections are handled differently than other assets. WCLS accepts donated materials that meet the selection criteria of the Collection Development Policy. The value of each donated item is determined by the suggested retail price from a vendor website such as Amazon.

**Useful Life:** Estimation of useful life for capital assets is based on WCLS’s past experience, industry standards and warranty expirations. The following are useful life determinations used by the Library:
<table>
<thead>
<tr>
<th>Capital Asset</th>
<th>Useful Life Years</th>
<th>Description</th>
<th>Depreciation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Computer Equipment</td>
<td>3-5</td>
<td>Computers and peripheral equipment</td>
<td>Straight-Line</td>
</tr>
<tr>
<td>Furniture and Equipment</td>
<td>5-20</td>
<td>Visible, tangible property not reported in other categories</td>
<td>Straight-Line</td>
</tr>
<tr>
<td>Library Collection</td>
<td>2-10</td>
<td>Varies by material format and type</td>
<td>Composite</td>
</tr>
</tbody>
</table>

**Recordkeeping Requirements:** Capital assets will be affixed with a property tag and records will be maintained that include identifying information and location.

**Asset Transfers and Dispositions:** Capital Assets shall not be transferred without prior approval of the Director. Transfers are defined as any movement of an asset by virtue of change in location. Capital assets shall not be disposed of without prior approval of the WCLS’s Board of Trustees. Items with any remaining life may be offered at public sale by WCLS. Exception-individual items deleted from the Materials Collection shall not require prior approval. These items shall be offered at public sale by WCLS. In the event that a capital asset is stolen, the Director shall notify the police. The police report shall be forwarded to the bookkeeper.

**Periodic Inventories:** A physical inventory of capital assets will be conducted by the Director at least once a year, as near to fiscal year end.

**Assets Under Construction:** For assets under construction, costs will be accumulated in a Construction in Progress account and will be reported as such on financial statements. At project completion, the building or other assets becomes the property of the City of Sylvester and the Worth County Board of Commissioners.

**Capital Asset Impairment:** In compliance with GASB 42 (Governmental Accounting Standards Board Statement 42) capital assets will be evaluated annually for impairment. A capital asset is considered impaired when its service utility has declined significantly and unexpectedly. WCLS will evaluate prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. Events or changes in circumstances that may be indicative of impairment include:

- Evidence of physical damage
- Enactment or approval of laws or regulations or other changes in environmental factors
- Technological changes or evidence of obsolescence
- Changes in the manner or duration of use of a capital asset
- Construction stoppage

A capital asset generally should be considered impaired if both (a) the decline in service utility of the capital asset is large in magnitude and (b) the event or change in circumstance is outside the normal life cycle of the capital asset. If a library asset is determined to be impaired, an impairment loss (or gain, although unlikely) —net of any insurance recoveries—will be recorded and reported on the library’s financial statements as indicated by GASB42.
Non-capital Assets: An inventory list will be maintained for non-capital assets that require special attention due to value or heightened risk of theft. The Director will maintain the inventory for all computers, peripherals, and other items that cost less than the capitalization threshold but more than $250. These items will be affixed with a property tag and records will be maintained that include identifying information and location. Staff may also inventory items costing $250 or less if it is determined that the items are at a heightened risk of theft.

**Cash Receipts**

Monies are collected each day from cash drawer for overdue fines, fee-based library services, gifts or memorials, and payment of lost or damaged materials. Monies will be counted, recorded, and placed in the safe. Monies shall be totaled and given to the Bookkeeper, who will make deposit of these revenues. Deposits and monies must balance.

**Check Signing/Writing**

No check will be issued without an approved invoice or authorization. The Library Director approves all invoices before a check is signed. Two signatures are required on all checks with one being from authorized Trustees and the other being the Library Director.

**Contracts**

Contracts for personal or professional services are subject to the following guidelines. The Library Director is authorized to execute contracts for personal and professional services on behalf of the Library System. No other staff may execute a contract on behalf of the Library for such services unless authorized in writing by the Director. Personal services delivered as part of a purchased product (e.g., installation) shall be considered part of the purchased product and as such covered by the Library's purchasing policy, rather than this policy.

Contractual services with a total contract amount of $2,000 or less may be executed without a bid or proposal process, at the discretion of the Library Director. Such contracts may include, but are not limited to, contracts with library speakers, consultants, authors, and performers, installation and/or maintenance agreements for library equipment, cleaning, etc.

For contractual services with an anticipated total contract amount of between $2,001 and $5,000, a minimum of three verbal bids must be obtained, unless the service required is available only from a sole source (see below).

For contractual services with an anticipated total contract amount of between $5,001 and $10,000, a minimum of three written bids must be obtained, unless the service required is available only from a sole source (see below). Bids may be solicited by telephone, mail, or advertisement.

Contracts for services amounting to more than $10,000 shall be advertised for bids, unless the service required is available only from a sole source. The bid requirements shall be formulated into a "request for proposal" (RFP) which shall be available to all interested parties during the bidding period. The bid shall be advertised and the time allowed for responding to the RFP shall be not less than 14 days. Bids may also be solicited by mail to selected vendors.

The Library shall accept the best qualified bidder for the proposed services. The Library
may reject all bids if there are no satisfactory bidders.

An anticipated contractual service with a sole-source vendor which is greater than $2,500 shall be included in the Library's budget, where it may be reviewed by the Library Board of Trustees during the budget development process. If such an expense occurs without such an opportunity arising for the Board to review the expense, the Library Director shall inform the Finance Committee of the Board of the impending contract and the reasons for it, prior to execution of the contract. Contractual services with sole source vendors in amounts up to $2,500 may be executed at the discretion of the Library Director.

**Credit Cards**
The Library maintains Credit Cards for library-related purposes only. Authorized users of credit cards are the Director and staff as determined by the Director. Limits are set not to exceed $2,500 for authorized person (Director) with limits of $500 for others. The credit card account may only be used for travel expenses, purchases from companies that do not invoice or accept purchase orders, orders placed on the internet, and other purposes approved by the Library Director. Receipts for credit card purchases must be turned in promptly to the bookkeeper and she is responsible for auditing the credit card statement upon receipt. Credit card holders are personally responsible for any misuse of their credit card.

**E-Rate Evaluation Matrix**
E-Rate requires that vendors submit bids for providing network services and equipment to the library. The following matrix explains the criteria in which the library shall use to select a vendor for projects.

<table>
<thead>
<tr>
<th>FACTOR</th>
<th>POINTS AVAILABLE</th>
<th>VENDOR 1</th>
<th>VENDOR 2</th>
<th>VENDOR 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Price of the eligible products and services</td>
<td>30</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Experience</td>
<td>20</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Flexible invoicing</td>
<td>25</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Local or in-state vendor</td>
<td>15</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ability to meet time deadlines</td>
<td>10</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td>100</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Fund Balance**
The use of fund balance may be used as a source of revenue in balancing the budget, if necessary. Appropriate expenditures that may be financed with fund balance would include capital purchases, special one-time project costs, unforeseen purchases, and general operating expenses due to temporary revenue shortfalls. The final financial statements for the fiscal year will include a suggested plan of use for any fund balance.
Fund Balance Classification

Fund balance refers to the net assets of governmental funds, measured by total assets minus total liabilities. Fund balance serves as a measure of the financial resources available to a government.

The five categories of fund balance, as established by Governmental Accounting Standards Board Statement No. 54, are as follows:

*Nonspendable* fund balance refers to amounts that cannot be spent because they are not in spendable form (e.g., principle portion of permanent fund, inventory).

*Restricted* fund balance refers to amounts not available for expenditure due to external restrictions, including grant restrictions, laws, or regulations.

*Committed* fund balance refers to amounts that are designated for specific purposes by formal action of the Library Board. (The Library Board may reverse this action if it is later determined the funds are needed for another purpose.)

*Assigned* fund balance refers to amounts management (i.e., Library Director) intends to use for specific purposes.

*Unassigned* fund balance refers to amounts available for any purpose.

*Unrestricted* fund balance refers to the total amount of committed, assigned, and unassigned fund balances.

**Gifts**

WCLS gratefully accepts non-monetary and monetary gifts. The donor may make a request of how monies are to be spent but, monies will be used at the discretion of the Director to enhance library services or collections. A record shall be kept of how monies are spent.

Non-monetary gifts of books, magazines, dvds, audio tapes, equipment, and etc. shall be accepted or rejected at the discretion of the Director. Gift materials may be redirected to another source or depository.

Gifts of personal property, collection materials, art objects, portraits, antiques, and other museum type objects, shall be accepted or rejected at the discretion of the Library Board of Trustees and the Director.

The Library reserves the right to refuse gifts of any kind if the local board decides that conditions for its acceptance are not compatible with the WCLS mission or cannot reasonably be met.

If accepted, in all cases a gift becomes the property of the WCLS for it to use and dispose of in the best interests of the library at the discretion of the Director. A deed of gift form must be completed, signed, and placed on file in the Bookkeeper’s office. The appraisal of gifts to the library for tax purposes is the responsibility of the donor. The acceptance of a gift that has been appraised by a donor or third party does not constitute the Library’s endorsement of the appraisal.

Gifts of property such as real estate titles or investments shall be brought to the Worth County Library System Board of Trustees for approval and acceptance or declination. These gifts shall become the property of the Library Board to use and dispose of in the best interests of the Library.

**Grants**

The Director of the WCLS will seek public and private grants for funding projects where appropriate. All purchases made under a specific grant (e.g., state, federal, private) shall
be in compliance with requirements of that grant and/or funding agency, as detailed in grant awards and other agreements. If in conflict with this policy, official grant documents or funding agreements will prevail.

**Investments**

WCLS will maintain a program of investing all government funds under the direction of the Library Director and Board of Trustees approval.

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 converted to cash when needed without losses
4. **Yield of return on investment** – earnings are maximized without diminishing the other principles

The investment program shall comply with all Georgia laws and federal/state regulations for investing public funds and safekeeping/security requirements.

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.

All deposit accounts shall be fully collateralized as required by Georgia law.

**Patron Bad Debt Write-Off**

WCLS will write off any patron debts that have not been collected in a rolling three-year cycle. On an annual basis, library staff will identify the debts eligible for deletion. Fines and the replacement value of unreturned materials incurred prior to the previous three fiscal years will be written off. The Library Board authorizes the Director to write off any debts that have not been collected despite established efforts in the three-year cycle.

**Purchasing Guidelines**

WCLS will maintain a purchasing system in which the Director coordinates purchases for the daily maintenance and operations of the library including materials, equipment, minor repairs & maintenance to the building, and other things as needed and approved by Worth County Library Board of Trustees. No purchase shall be made by any employee except for library use only. This applies to cash and credit card purposes.

All purchases of $5,000 or more, unless on State contract, must be advertised, have sealed bids taken and opened in public at a place, time and date publicly announced. Purchases with an estimated cost less than $5,000 should be purchased with the adopted purchasing rules and regulations.

**Records Retention**

A general rule to follow when concerned with records subject to audit, is as follows: Cut
off files at the end of each fiscal year; hold in current files 1 additional year or until audit is performed; transfer to records storage area; retain an additional 3 years; destroy. Duplicate records, working papers and other Reference Paper Files are retained until superseded, obsolete, or no longer needed for reference, and then destroyed.

<table>
<thead>
<tr>
<th>Record Type</th>
<th>Retention Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Approved Budgets and Audit Reports</td>
<td>permanently</td>
</tr>
<tr>
<td>Bank Statements, Cancelled Checks, and Deposit Slips</td>
<td>5 years</td>
</tr>
<tr>
<td>Circulation records</td>
<td>permanently</td>
</tr>
<tr>
<td>Applications for Employment, not hired</td>
<td>2 years</td>
</tr>
<tr>
<td>Applications for Employment, unsolicited</td>
<td>3 months</td>
</tr>
<tr>
<td>Inventories</td>
<td>retain until superseded</td>
</tr>
<tr>
<td>Official Minutes of Library Boards and Committees</td>
<td>permanently</td>
</tr>
<tr>
<td>Personnel Records</td>
<td>25 years</td>
</tr>
<tr>
<td>Vendor Files (purchase orders and invoices)</td>
<td>3 years</td>
</tr>
</tbody>
</table>