

WESTCHESTER PUBLIC LIBRARY

BUDGET FINANCE AND PURCHASING POLICIES

THE BUDGET PROCESS

The public library budgeting process is prescribed by law and overseen by the Indiana Department of Local Government Finance and the Indiana State Board of Accounts. For detailed information about budgeting and finance, see The Accounting and Uniform Compliance Guidelines Manual for Libraries, IN the Public Trust: A Reference Manual for Indiana Library Board Members, and the most current edition of the Indiana Code.

All financial practices will be performed in accordance with the The Accounting and Uniform Compliance Guidelines Manual for Libraries and applicable law.

The Director is responsible for preparing an annual detailed budget estimate for submission to the Board of Trustees. The Library Board is responsible for revising and adopting the budget estimate for publication, holding the necessary public hearings, and for adopting the appropriate budget resolutions.

After the action of the Library Board, the budget is submitted to the county fiscal body (County Council) for a nonbinding review.

After the action of the fiscal body, the Department of Local Government Finance reviews the budget for reduction in accordance with applicable statutes including an average growth factor (if permitted) and other local property tax caps. The final authority in the process is the Department of Local Government Finance and not the Library Board.

SOURCES OF INCOME

The majority of funding for library services is provided by Indiana's property tax. Miscellaneous sources of revenue include distributions for Auto Excise Taxes, Commercial Vehicle Excise Taxes, Bank Intangibles Taxes, library fines and fees, rents, interest on investments, and proceeds from the library's copy machines. The library also accepts gifts and donations from the community.

LIBRARY FUNDS

Library funds are maintained in a variety of funds prescribed by statute and the Indiana State Board of Accounts. The library commits itself to receive and expend funds according to current law and in the best interests of the library and its patrons. Funds currently in use by the library are:

Operating Fund: Funds appropriated for the purpose of operating the library are deposited in and expended from the Operating Fund.

Library Capital Projects Fund: Dollars are raised for the fund by a tax levy, but the fund may soon be folded into the regular Operating Fund. The fund must be based upon a written plan and approved by the Township Board.

Bond and Interest Redemption Fund: Funds appropriated for the purpose of retiring the library's bonded indebtedness are deposited in and expended from the library's Bond and Interest Redemption Fund. This fund is currently inactive.

Library Improvement Reserve Fund: Funds appropriated and reserved for future capital purposes are deposited in and expended from the Library Improvement Reserve Fund.

Rainy Day Fund: Funds may be transferred annually to the Rainy Day Fund from the Operating Fund.

Gift Fund: All funds received as gifts and donations are deposited in and expended from the library's Gift Fund. The Gift Fund is divided into categories according to the wishes of the respective donor and accounts maintained according to the needs of the library. Contributions not designated by the donor will be deposited in the Adult Programming account of the fund and will be expended to support programming expenses.

Proceeds from the Friends of the Library Book and Magazine Sales will be deposited in Gift Fund accounts as deemed necessary by the Board of Trustees.

Investments made from the Gift Fund are to be returned to fund category from which they are made along with any accumulated interest.

Petty Cash Fund: The library currently maintains a Petty Cash Fund in the amount of \$100 for the purpose of small or emergency expenditures. Employee expense reimbursements are not to be made from the Petty Cash Fund.

Special Funds: Special funds for grants such as the Library Services and Construction Act Grant may be established.

INTERFUND BORROWING

It is a standing resolution of the Board to operate on an "all funds" basis when receipts do not keep pace with appropriations. The Director is hereby authorized to perform the interfund borrowing necessary to insure the continuation of library operations at an acceptably consistent rate of service.

TRANSFER OF FUNDS

Transfers between fund categories are to be made when necessary according to prescribed method. In no instance should a fund category be overdrawn in excess of the approved appropriation.

BORROWING

In order to insure the steady continuation of library service and the prompt payment of obligations, the Library Board will borrow against anticipated revenues when circumstances warrant.

BONDING

The Treasurer of the library will be bonded at the expense of the library for an amount equal

to or exceeding that required by current statute. The library also shall purchase a surety bond for the Director for protection equal to that purchased for the Treasurer. The Library's Administrative Assistant, Circulation Manager, Assistant Treasurer, and any other employees designated by the Board may also be bonded.

RECEIPTS

All receipts will be received and deposited in library accounts on Mondays and Fridays unless the library receives an unusually large amount of money. Please see the library's Resolution on Library Desk Collections and Deposits. No cash shall ever be expended from desk and other collections without first being deposited into the appropriate fund and appropriately allocated for expenditure.

PUBLIC PURCHASING LAW

Library purchasing will be governed by the "Public Purchasing Law" (IC 5-22) of the State of Indiana and rules prescribed by the Indiana State Board of Accounts.

PURCHASING PREFERENCES

When comparable products and services are available from competing businesses located both within and outside of the library district, preference will be given to vendors located within the library district. Purchases may be made from sources outside of the library district when the quality of the service or the price is advantageous to the library.

RESPONSIBILITY

The Library Director is the primary purchasing agent for the library and is responsible for all library contracts, orders, and purchases. The Director shall select products, services and vendors that best meet the needs and goals of the library.

CRITERIA

Purchasers will be guided by, but not limited to the following criteria in selecting products and services for the library.

- Suitability
- Availability
- Quality
- Workmanship
- Price
- Delivery

UNAUTHORIZED PURCHASES

Employees who make unauthorized purchases are subject to immediate dismissal.

DELEGATION

The Director may delegate the responsibility for ordering selected products and services to other employees as deemed appropriate or necessary to the goals of the library. Library employees empowered to order products and services will be guided by the same selection criteria as the Director. In no instance will expenditures exceed established budgetary limits.

The following are some examples of responsibilities, products and services that may be delegated:

Assistant Director - Program expenses & supplies

Administrative Assistant - Office supplies

Custodian - Custodial & cleaning supplies

Circulation Supervisor - Circulation supplies

Technical Services Supervisor - Processing supplies

PURCHASE REQUESTS

All requests for purchases not otherwise allocated or delegated must be forwarded to the Library Administration in writing for approval and subsequent ordering.

ACCOUNTING

After the library budget has been duly approved and funds appropriated, the Director is authorized to expend funds within the confines of the budget's categories. The Director will submit a list of Claims and Warrants to the Board at each regular Library Board meeting along with the bills subject to payment. The Director will be prepared to defend any proposed expenditure to the Board. The Director will also be responsible for notifying the Board of anticipated insufficiencies in any fund category that may require the future transfer of fund between accounts.

MATERIAL ALLOCATIONS AND EXPENDITURES

The Director proposes and the Library Board approves an annual division of funds for the purpose of purchasing new and replacement library materials. The material allocation schedule will include the employees responsible for the selection of materials in each material area.

The total budget for each material account will be further divided into monthly allocations for each account in an attempt to guarantee a constant flow of new materials into the library. Monthly expenditures and encumbrances should not exceed the account amounts budgeted year to date.

The Library Acquisition Manager will be responsible for ordering selected items, receiving items, forwarding invoices to the administration for payment, and for keeping accurate records of all material orders, encumbrances, and expenditures. The Acquisitions Manager will not exceed the amount allocated for any account or the total budget allocation for the year without the approval of the Director.

CREDIT CARDS

Credit cards acquired in the name of the library will be used in accordance with the latest version of the library's Credit Card Resolution.

INVESTMENTS

Investments will be made in accordance with the latest version of the library's Investment Policy.

SOLICITATION OF QUOTATIONS AND BIDDING

When required by law or considered to be advantageous to the library, the library will solicit quotations, proposals, or invite bids for products and services in accordance with the procedures prescribed by the Public Purchasing Law.

BILLING

All bills and invoices subject to payment must be submitted to Administrative Services at least one (1) week prior to the regular meeting of the Board.

ACCOUNTS PAYABLE VOUCHERS

The prescribed Accounts Payable Voucher must accompany all bills submitted for payment.

PAYMENT

Payments will normally be made as a result of Library Board action at its regular meeting. Payments will not be made in advance except for those specifically permitted by law and included in the Library's Resolution to Pay Bills with Prior Approval. It is a standing policy that payments for personnel services may be made before the formal Board action at the regular monthly meeting.

DIRECT DEPOSIT

Library employees will be paid through direct deposit and in accordance with the latest versions of the Personnel Policy and the Electronic Funds Transfer Resolution.

ELECTRONIC FUNDS TRANSFERS

The library will make payments through the electronic transfer of funds in accordance with the latest version of the Resolution Authorizing Electronic Funds Transfer.

RECEIPT OF MATERIALS

All shipments received will be checked against invoices as items are received. Any discrepancy must be reported immediately to Administrative Services.

FINANCIAL REPORTING

The Director will supply the Board with a detailed financial report of all funds and fund transactions at the regular monthly meeting of the Board.

FIXED ASSETS

Fixed assets will be inventoried and capitalized in accordance with the latest version of the library's Fixed Asset Capitalization Policy.

TAX EXEMPT NUMBERS

Library tax-exempt numbers are to be used only for library purchases. An employee using the library exemption for personal purchases may be subject to immediate dismissal.

DISPOSAL OF LIBRARY PROPERTY

Surplus library property will be disposed of in the manner provided for by law.

CONFLICTS OF INTEREST

Public officials and employees are prohibited from having a direct or indirect interest in transactions with the units of government that they serve without appropriate disclosure. Library legal counsel will be consulted when the legality of a transaction is in question.

OTHER POLICIES

Other policies governing travel, expenses, mileage, meals, lodging, supplies, equipment, and telephone use are contained in the Library Personnel Policy Manual.