

## **Proposed Policy Manual Update: Fiscal Policies**

The library recommends the following updates to the fiscal policy based upon

- The [Reserve Study](#) that was completed and presented to the Library Board of Trustees at the December 10, 2024 meeting by Elaine Farmer of Bishop, Farmer and Co.
- Follow-up conversations regarding the library's needs for reserve funds and discussion of additional potential funds with the County Administrators from Spotsylvania, Stafford and Westmoreland counties and the Fredericksburg City Manager.

Updates to monetary amounts in the procurement section correspond to recent updates to those numbers in the code.

The updated dollar amounts in the Procurement section reflect changes in Virginia Code. This draft policy has been reviewed by a lawyer whose recommendations are in [red](#).

## **Final proposed policy:**

### **FISCAL POLICIES**

CRRL establishes fiscal policies to ensure fiscal responsibility, appropriate use of funds in support of the Library's mission and goals, and compliance with appropriate laws.

### **AUDIT POLICY**

CRRL will have an annual audit to be completed by an external auditor. The external auditor will issue a document in compliance with all government auditing standards promulgated by the Government Accounting Standards Board and any applicable laws of the Commonwealth. The audit is filed annually with the Auditor of Public

Accounts and a copy is sent to the chief administrative officer of each funding jurisdiction. It is forwarded to the Library of Virginia to meet requirements for state aid.

## **ACCOUNTING POLICY**

Accounts are organized on the basis of funds, each of which is considered to be a separate accounting entity. Requisitions, contracts, and other commitments for expenditure of monies are recorded in order to reserve that portion of the applicable appropriation.

All aspects of revenue recordation and cash receipts are made exercising proper internal controls.

Year-end financial statements are formulated based on accounting standards. Quarterly financial reports are presented to the library board.

## **FUND BALANCE POLICY**

CRRL will maintain a fund balance for the purposes of unanticipated expenditures, to provide for cash flow reserves during the fiscal year due to the timing difference between the receipt of revenues and disbursement of expenditures, and to meet desired reserves.

The fund balance may be designated for anticipated, specified purposes such as purchase of Library vehicles, technology and equipment, budget stabilization and other needs.

Recognizing that the Library's revenue is contingent on the good-will and fiscal stability of the participating jurisdictions and recognizing that the Library could face a fiscal crisis if one of the participants failed to

appropriate the quarterly payment, the external auditor has recommended that CRRL have as its goal an unassigned operating fund balance which meets the recommendations of Government Finance Officers Association (GFOA). A fund balance of this amount allows the Library to manage cash flow for day-to-day operations, pay for unexpected expenses, such as payouts of leave balances, and would allow the Library sufficient time to seek a remedy to a fiscal crisis.

## **INVESTMENT POLICY**

CRRL deposits funds in a local bank and transfers all funds except those needed for immediate use from the deposit account to a money market account or to the Local Government Investment Pool (LGIP) maintained by the Commonwealth of Virginia. These investment options offer the advantage of liquidity and safety which CRRL needs to meet daily obligations as well as special projects and other operational requirements either known or which might be reasonably anticipated. Funds are managed with the objective of obtaining a fair-value rate of return, taking into account the constraints necessary for the daily operation of the library and its cash flow pattern.

In all investment decisions, the safeguarding of principal is the foremost objective. Investment decisions will be made with the care, skill, prudence, and diligence that a knowledgeable person would use in a like situation.

## **INTERNAL CONTROLS POLICY**

CRRL maintains procedures necessary for internal controls. These procedures are documented and reviewed regularly with the objective of meeting the requirements of the Government Accounting Standards Board.

## **BUDGET POLICY**

CRRL develops an annual budget in line with the library mission statement, Strategic Plan, and current board initiatives. The annual operating budget is prepared in accordance with the contractual agreement. Following adoption, the budget is sent to the participating jurisdictions. Year-end amendments are approved by the library board with final adjustments being made by the library director. Upon request or as needed by the Library, the Library formulates a plan for capital expenditures for inclusion in each jurisdiction's CIP.

## **GIFTS**

The Executive Director shall be the agent and administrator for all gifts accepted by CRRL. Any transfer made to the Library must be made unconditionally and irrevocably and all rights, title, and interest in and to the items are made absolutely and forever. The Executive Director will administer all gifts to CRRL with value up to \$15,000 and, with Board approval, gifts that exceed that value.

Every effort will be made to utilize the gift in accordance with the donor's intent. CRRL reserves all rights to sell, dispose, display, or allocate the gift in any fashion deemed appropriate by the Executive Director.

## **PROCUREMENT**

Library purchases are made in accordance with the Virginia Public Procurement Act. It is the policy of the Library always to seek the best possible price/value for any service or work rendered.

Pursuant to Virginia Code §2.2-4303, as amended from time-to-time, all purchases of goods, contractual services, insurance, and capital improvements estimated to be less than \$200,000 in value shall not be subject to the requirements of competitive bidding. Purchases that are expected to exceed \$30,000 shall require the written informal solicitation of a minimum of four (4) offerers, if practicable. CRRL does not require competitive negotiation for single or term contracts for professional services not expected to exceed \$80,000. Wherever practicable, small purchasing shall provide for competition. The Library considers best value when procuring goods and services. The fixed asset inventory shall be modified to include the purchase of any equipment or furniture valued at \$5,000 or more.

The Executive Director, who shall be considered the purchasing agent for the Library, may authorize the sale, trade, transfer, or other disposition of any property which is the property of CRRL and is determined to be surplus. CRRL will dispose of any item purchased with state aid funds having a market value of more than \$5,000 in accordance with guidelines set forth by the Library of Virginia. The purchasing agent or designated library staff shall cause the fixed asset inventory to be modified as to final disposition of any surplus property.

Sales of property deemed by the purchasing agent or designated library staff and the Director of Finance to be worth more than five hundred dollars (\$500.00) shall be by competitive bids or at public auction. The purchasing agent shall determine which method is likely to obtain the highest price in each case and the purchasing agent's decision shall be final.

When it is determined that any property is irreparable or unsalvageable and unsuitable for disposition at state surplus, and that the costs of storage are excessive, the purchasing agent or designated library staff may cause such property to be transported to the landfill for disposal.

Books withdrawn from the collection will be donated to the Friends of the Library for fundraising efforts on behalf of the Library or for other causes deemed worthwhile.

The Executive Director may promulgate additional rules governing library system transfers and trades not inconsistent with this policy.

Whenever any person acquires surplus library property the person is required to remove that property from the premises within the agreed upon time frame. Such person shall indemnify the Library and hold CRRL harmless from any and all liability which may be incurred during removal. Such person may be required to provide the purchasing agent or designated library staff with evidence of the existence of liability insurance covering the risks potentially involved and, if required by law, workers' compensation insurance.

**Proposed with edits:**

New text is in blue; lawyer recommended updates are red

# **FISCAL POLICIES**

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## **AUDIT POLICY**

CRRL will have an annual audit to be completed by an external auditor. The external auditor will issue a document in compliance with all government auditing standards promulgated by the Government Accounting Standards Board and any applicable laws of the Commonwealth. The audit is filed annually with the Auditor of Public Accounts [and a copy is sent to the chief administrative officer of each funding jurisdiction](#). It is forwarded to the Library of Virginia to meet requirements for state aid.

## **ACCOUNTING POLICY**

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## FUND BALANCE POLICY

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The fund balance may be designated for anticipated, specified purposes such as purchase of [Library](#) vehicles, [technology and equipment](#), [budget stabilization](#), ~~information access, payout of leave balances~~ and other [needs](#).

Recognizing that the Library's revenue is contingent on the good-will and fiscal stability of the participating jurisdictions and recognizing that the Library could face a fiscal crisis if one of the participants failed to appropriate the quarterly payment, the external auditor has recommended that CRRL have as its goal an [unassigned operating](#) fund balance [which](#) ~~equal to one quarter of its annual budget~~ [meets the recommendations of Government Finance Officers Association \(GFOA\)](#). A fund balance of this amount [allows the Library to manage cash flow for day-to-day operations, pay for unexpected expenses, such as payouts of leave balances, and](#) would allow the Library sufficient time to seek a remedy to a fiscal crisis.

## INVESTMENT POLICY

CRRL deposits funds in a local bank and transfers all funds except those needed for immediate use from [the deposit account to a money market account or the bank](#) to the Local Government Investment Pool (LGIP) maintained by the Commonwealth of Virginia. [These investment](#)



[options](#) LGIP offers the advantage of liquidity and safety which CRRL needs to meet daily obligations as well as special projects and other operational requirements either known or which might be reasonably anticipated. Funds are managed with the objective of obtaining a fair-value rate of return, taking into account the constraints necessary for the daily operation of the library and its cash flow pattern.

In all investment decisions, the safeguarding of principal is the foremost objective. Investment decisions will be made with the care, skill, prudence, and diligence that a knowledgeable person would use in a like situation.

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CRRL maintains procedures necessary for internal controls. These procedures are documented and reviewed regularly with the objective of meeting the requirements of the Government Accounting Standards Board.

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CRRL develops an annual budget in line with the library mission statement, [Strategic Plan](#) ~~long range plan~~, and current board initiatives. The annual operating budget is prepared in accordance with the contractual agreement. Following adoption, the budget is sent to the participating jurisdictions. Year-end amendments are approved by the library board with final adjustments being made by the library director. [Upon request or as needed by the Library](#), the Library formulates a plan for capital expenditures for inclusion in each jurisdiction's CIP.

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goods and services. The fixed asset inventory shall be modified to include the purchase of any equipment or furniture valued at \$5,000 or more.

The ~~Executive Director, who shall be considered the purchasing agent for the Library,~~ ~~purchasing agent~~ may authorize the sale, trade, transfer, or other disposition of any property which is the property of CRRL and is determined to be surplus. CRRL will dispose of any item purchased with state aid funds having a market value of more than \$5,000 in accordance with guidelines set forth by the Library of Virginia. The purchasing agent ~~or designated library staff~~ shall cause the fixed asset inventory to be modified as to final disposition of any surplus property.

Sales of property deemed by the purchasing agent ~~or designated library staff~~ and the ~~Director of Finance accounts manager~~ to be worth more than five hundred dollars (\$500.00) shall be by competitive bids or at public auction. The purchasing agent shall determine which method is likely to obtain the highest price in each case and the purchasing agent's decision shall be final.

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**Current:**

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