

SUPPLEMENT 2

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I. Budget - Operating

A. Budget Operating Cycle

1. Each September, the Board and the President & CEO discuss initial budgets for the upcoming fiscal year and adjust five-year projections based upon strategic and master plans.
2. In November, budget requests are reviewed for the upcoming fiscal year.
3. In January, the proposed budget is finalized and approved by the Board before submission to the County Executive.
4. In March, the budget is adjusted, based upon changes requested by the County Executive.
5. In June, the budget is formally accepted by the Board, after it is approved by the County Council.

B. Changes to the Approved Operating Budget

1. Shifting of Funds During the Fiscal Year. The President & CEO may:
 - a. Shift funds from any Object to another Object based on organizational need.
 - b. Shift funds within any Object.

The President & CEO will notify the County Budget Office of any such shifting of funds.

2. Shifting of Funds at Fiscal Year-End.
 - a. If HCLS-Generated Funds exceed the amount budgeted, the President & CEO may transfer the overage to another Object and/or to the Fund Balance.
 - b. If HCLS-Generated Funds are less than the amount budgeted, the President & CEO may use available Fund Balance to address the shortfall, or may decrease the Operating Budget, making reductions to the most appropriate Object(s).
 - c. The County Budget Office will be notified of changes in a. and b., above.
3. Grant Funding
 - a. Any grant funding received after the budget has been set, but within contingency fund limits, can be approved by the President & CEO and Board. Changes to the budget will be sent to the County Budget Office for inclusion in the budget.
 - b. An unanticipated grant received after the budget is adopted and which is beyond the contingency limit can be approved by the President & CEO and the

Board and sent to the County Executive and County Council for approval and inclusion in the budget.

C. Fund Balance

Pursuant to GASB 54, HCLS categorizes its Fund Balance into any or all of the following classifications:

1. **Nonspendable** – amounts that cannot be spent because they are either (a) not in spendable form (i.e., not easily converted to cash), or (b) legally or contractually required to remain intact.
2. **Restricted** – amounts that are constrained by external entities, such as creditors, grantors, contributors, or laws and regulations.
3. **Committed** – amounts that can be used for specific purposes pursuant to constraints imposed by the Board.
4. **Assigned** – amounts that are constrained by the *intent* of the Board and are neither Restricted nor Committed. For encumbrances against the current year's budget, the Board delegates to the President & CEO the authority to designate funds to the Assigned Fund Balance classification.
5. **Unassigned** – amounts remaining in the Fund Balance that are in none of the above classifications.

II. Budget - Capital

Capital Budget Requests. Proposals for new Capital Projects will be approved by the Board at the September or November Board meeting.

These Capital Projects requests then will be sent to the Department of Public Works in accordance with its timetable for inclusion in the Howard County Capital Budget.

III. Purchase of Equipment and Services

- A. HCLS will participate, where applicable, in the Equal Business Opportunity Program in keeping with Howard County Government's current purchasing code.
- B. HCLS may participate in joint purchasing agreements and/or requirements contracts that result from bid solicitations initiated by Howard County Government, Howard County Board of Education and/or Howard Community College, the Baltimore Regional Purchasing Cooperative, other Maryland public library systems, and the State of Maryland.
- C. Purchases of goods or services made outside such agreements are subject to the following restrictions. All decisions shall be made considering both cost and quality.

1. Purchase of an item or a service costing up to, but not including, \$5,000 will reflect the lowest price possible commensurate with the quality desired. When possible, vendors will be local.
2. Purchase of an item or a service costing \$5,000 up to, but not including, \$10,000 will be made after solicitations of oral, written, or electronic quotations from at least two vendors. When possible, vendors will be local.
3. Purchase of an item or a service costing \$10,000 up to, but not including, \$25,000 will be made only after solicitation of written or electronic quotations from at least three vendors.
4. Purchase of an item or a service costing \$25,000 or more will be made only after solicitation of written sealed bids and the approval of the Board.

IV. Sole Source Contracts

- A. HCLS functions with established systems that have been purchased through the formal bid process. As long as these systems are fulfilling HCLS requirements and their replacement would require unjustified costs and time delays, their use as sole source vendors will be continued. A current list of active sole source vendors is maintained in the President & CEO's office.
- B. Sole source items may also include identified items for which no other comparable item exists. Items developed for the library market, in particular, are often superior to similar items in the general marketplace because vendors catering to this market recognize the technological intricacies necessary to library systems and services. If an item is selected as sole source because it is a clearly superior product, the documentation will be presented to the Board for approval before a purchase is made.

V. Fixed Assets

Items recorded as fixed assets will cost a minimum of \$5,000 at purchase for the current fiscal year.

VI. Sale of Surplus Materials, Furniture and Equipment

- A. Items determined to be surplus will be sold. Determination as to the method of sale will be left to the discretion of the President & CEO based upon the item's value and potential to bring funds into the HCLS budget.
- B. If it is determined that an item has no sale value, local non-profits will be contacted to see if the item can be used.
- C. Items unable to be sold or donated will be disposed of.

VII. Returned Checks

Returned checks from HCLS customers will be re-deposited one time only. Charges made to HCLS by the bank for a returned check will be passed on to the customer's account.

VIII. Donations

- A. Books and Materials. Books and other materials will be accepted by HCLS on the condition that the President & CEO has the authority to make whatever disposition is deemed advisable, including the right to sell them.
- B. Landscaping. Because the Department of Parks and Recreation maintains HCLS grounds, landscaping items cannot be accepted without first obtaining the Department of Parks and Recreation's approval. Branch managers must work through HCLS' Business Integration & Support Services Solutions Manager to coordinate such donations.
- C. Artwork. HCLS does not have the wall space or security to display large quantities of artwork permanently. Donations will be considered in exceptional cases only, such as award-winning Howard County artwork or Maryland work by noted or recognized artists, or items of note related to Howard County history.
 - 1. Gifts of personal property, portraits, antiques, and other museum-type objects are not generally considered acceptable gifts for a public library. Therefore, the Board shall feel under no obligation to accept such offerings.
 - 2. Art or art-related items must be original works of a non-political or non-religious nature.
 - 3. Pictures or wall hangings must be suitably framed so that HCLS incurs no cost.
 - 4. HCLS reserves the right to determine location of accepted artwork.
 - 5. Donated items become the property of HCLS, may be added to the Art Education Collection, and may be removed, relocated, or sold without notification.
 - 6. Decisions on questionable items may be referred to the Howard County Arts Council for a recommendation as to their appropriateness for a public library.
- D. Non-Library Materials
 - 1. HCLS makes use of computers and related equipment to provide for and to support its curriculum. Because equipment and software must be compatible and up-to-date to function reliably and economically in such an environment, HCLS usually cannot accept donations of computer equipment. The President & CEO is authorized to make case-by-case exceptions to this general rule if, in his/her judgment, the proposed donation would complement the existing hardware and software profile of HCLS and would not burden existing HCLS resources.

2. HCLS furniture must be built to withstand years of use by the public and must fit aesthetically and functionally into the overall design scheme of a building. Because of this, HCLS usually cannot accept donations of furniture. The President & CEO is authorized to make case-by-case exceptions to this general rule if, in his/her judgment, the proposed donation would be aesthetically and functionally compatible with a given location.
3. Consumable supplies for classes may be accepted at any branch.

E. HCLS Statement on Donations and Bequests

1. Purpose. To encourage support of HCLS through donations and bequests.
2. Background. Donations further enhance HCLS' curriculum in areas that are most appropriately supported with supplemental funding (e.g., the \$1,000 college scholarship for the HCLS Spelling Bee).
3. Statement. HCLS encourages citizens and businesses to consider HCLS when making decisions relating to charitable donations and bequests. HCLS has established a gift fund for such donations. All donations and bequests shall be invested in accordance with applicable law and regulation.
4. Gift Fund
 - a. Unrestricted Gifts. Unrestricted donations and bequests shall be added to the unrestricted gift category of the Gift Fund, which shall be used for HCLS purposes. The Board, upon recommendation of the President & CEO, approves how the unrestricted gift's revenue and/or corpus will be expended. Any accompanying written donor preferences and/or instructions shall receive primary consideration. Unexpended revenues shall be reinvested in the unrestricted gift category.
 - b. Restricted Gifts. Restricted donations and bequests shall be added to the restricted gift category of the Gift Fund, and shall be accepted and expended by the President & CEO so long as the gift falls within an established curriculum component (e.g., a \$30 gift for the purchase of a quilting book in memory of a loved one).