

ACCOUNTING INTERPRETATION NO. 9

Subject: Accounting for Library Funds

Funds Budgeted by the Governing Body for Library Use: A governing body may budget money in lump sum for library use. The governing body may raise or lower this lump sum budget each year depending on the outcome of budget negotiations with the library board. The governing body does not have the authority to give specific direction of library expenditures for amounts such as books and computers. Based upon recent legislation, the county commissions are to set salaries and benefits of library personnel.

Funds Managed by the Library Board: The library board has authoritative power over fines, grants and bequests entrusted to them. The library board may make expenditures and keep various bank accounts concerning these monies without approval from the governing body. However, the library board must make a full accounting of these funds to the governing body in an annual report at the end of the year.

The library board also has the authority to direct the expenditure of dollars budgeted by the governing body for library purchases. The library board may hire staff that will be paid from the governing body budget. The library board may also buy supplies and pay other bills from dollars budgeted to them by the governing body. However, the library board must stay within the overall budget set by the governing body. If the library board runs short during the year, they may either ask the governing body for a budget increase, dip into their fines money or curtail expenditures to get through the remainder of the year.

The library board may also apply for and administer library grants without the approval or intervention of the governing board. However, as is the case with all governmental grants, these grants would be subject to audit as applicable.

Sources: SDCL 14-2, AGR 82-33 and AGR 81-39