



# Budgeting and Finances for Libraries

## Gather & Grow 2025

# Why Budget?

- Establishes our annual “road map”
- Allows us to effectively allocate resources
- Aids in implementation of strategic plans
- Measures accomplishments
- Helps us respond to unexpected changes
- Assists with performance evaluation
- Help measure and maintain cash flow

# Participants in the Budgeting Process

- Board of Trustees
- Executive Director
- Treasurer
- Business Manager
- Key staff
- Outside consultants
- Vendors

# Advantages of Budgeting

- A budget translates abstract goals into determinable bites.
- Sets performance goals.
- Planning and preparation of a budget forces an organization to look at itself, sets priorities, and narrows choices.
- A budget facilitates coordination between programs and financial departments.
- Periodic comparisons between the budget and actual financial performance can signal trouble and allow time for appropriate response.

# Budget Policy

- Responsibility for Preparation (board, laws, staff)
- Long-range planning (as a part of budget)
- Budget Calendar
- Authorization (the board adopts proposal)
- General Format for Presentation of the Budget
- Budget Adoption (vote or government body)
- Use of Fund Balance
- Administration (who is in charge of managing the budget)

# Typical Budgets and Reserves

- Operating Budget
  - Line item
  - Program (combine lines into programs)
- Capital Budget
- Capital Fund and Reserve Funds

# Developing the Budget

- Set a budget timeline/calendar
- Establish and communicate budget guidelines (Set parameters)
- Request and receive feedback from key staff
- Review past experience
- Set future expectations
- Prepare a draft budget with backup documentation

# Developing the Budget

- Internal budget review
- Board committee review
- Community review/feedback (budget hearing)
- Board adoption
- Calculation of tax impact
- Public vote (or government adoption)

# Sources of information used in preparing the budget:

- Budgets for prior and current year
- Prior year's financial reports
- Current year revenue and expenditure information to date
- Debt service requirements, contracts, and other commitments
- Current economic conditions affecting revenue generation
- Cash flow reports and revenue projections
- State and federal aid information
- Collective bargaining agreements
- Service contracts with other governments

# Sources of information used in preparing the budget:

- Multiyear capital plans
- New and pending legislation
- Rate of inflation
- Current interest rates
- Tax and debt limit information – if applicable
- Strategic plans
- Input from stakeholders including taxpayers and other interested groups.

# General Budget Breakdowns

- Staffing/personnel costs 65-75%
  - Benefits are typically around 35% of salaries
- Materials/services/programming 10-15%
  - Typically total expenditures on materials is close to the amount of spending on programs/services
- Operations 15-20%
  - Debt service can impact significantly

# Budget Review Process

- Monthly Review

To elicit department explanations of performance

To assist with the identification of corrective action

- Semi-annual review

Budget adjustments, if needed

- Comparative analysis

Budget versus actual

# Managing the Budget: Controls

- **Internal controls** are the mechanisms, rules, and procedures implemented by a company to ensure the integrity of financial and accounting information, promote accountability, prevent fraud, and insure that compliance with laws and regulations are achieved
- Policies and procedures
- Review budget, revenue, and expenditures regularly
- Review documentation (invoices, contracts, payroll)
- Approvals and authorizations
- Delegation/segregation of duties
- Secure assets

# Managing the Budget: Financial Reports

- Bank Reconciliation
  - Snapshot of a moment in time
- Line Items
  - Overview of our yearly progress
- Warrants
  - List of all checks and expenditures

# Keys to Budgeting/Finance

- Budgeting is a year-round exercise
- Good decisions require the right information.
- Numbers do not lie
- Be incremental
- Do meaningful things, well
- Always be looking forward
- Always be communicating, library-wide
- Keep up to date
- Use professionals wisely