

Budgeting and Finance

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The Budget as a Planning and Management Tool

Revenue Sources

- Public Funding
- Fundraising & Donations
- Grants
- Fines & Fees
- Others?

Public Funding

In 2012, 93% of library funding came from public funds.

Fundraising

Does your library have a
fundraising plan?

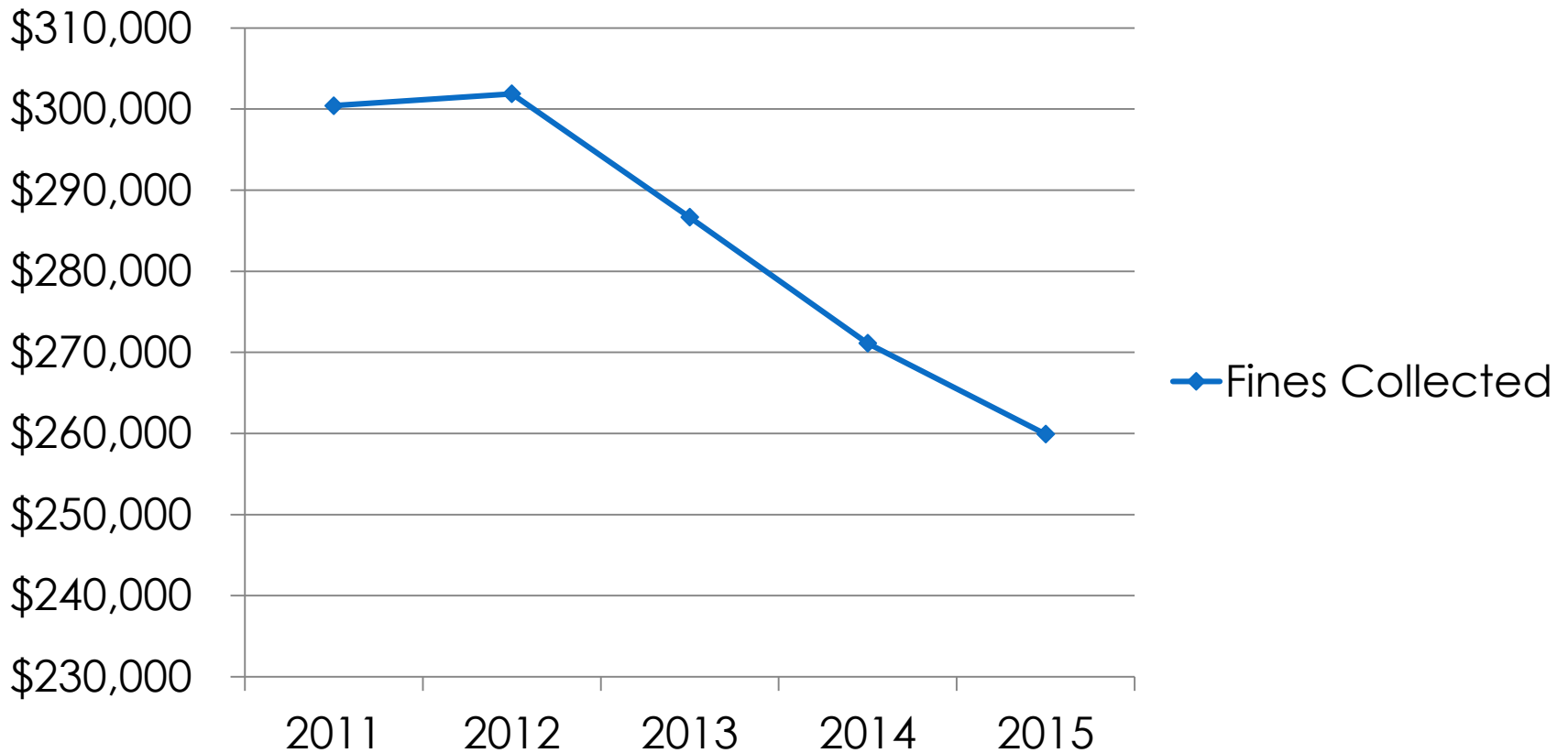
Grants

Before applying for grant funds:

1. Identify a need and develop a plan
2. Find potential funders
3. Communicate with funders

Fines and Fees

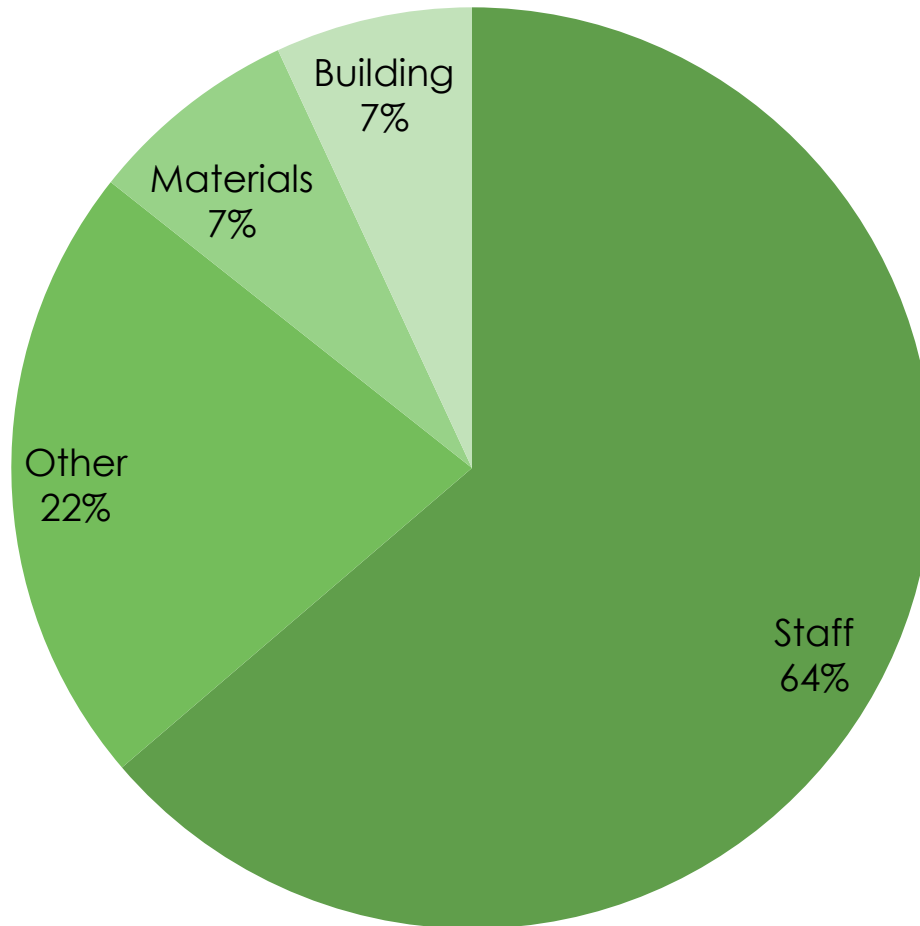
Fines Collected across all Pioneer Library System



Expenditures

- Personnel Costs
- Collections
- Operations
- Others?

2014 Library Expenditures



2014 NYS Data from Bibliostat Connect

Steps to Budgeting

- Assess the community's needs
- Develop operational goals
- Create budget estimates based on goals
- Determine the total financial resources needed
- Secure budget approval and ensure revenues
- Assess the environment and adapt the budget as necessary.
- Revise budget and secure additional funds as required.

Modifying Your Budget

- Don't make expenditures your board didn't authorize.
- Board approves Budget Amendments
- Transfer funds to designated reserves through Board resolution.

Financial Accountability

Mitigating Risks

- Good, logical written policies
- Commitment to follow policies
- Proper cash handling procedures
- Rotation of duties
- Vacations (of one week or more)
- Practical checks and balances
- Review of bank statements
- Third party audits

Major Areas of Risk

- Cash Handling
- Purchasing
- Payroll Processing

How do you segregate duties in each of these areas?

Essential Risk Management Policies

- Procurement Policy
- Credit Card Policy
- Travel and conference Policy
- Meal reimbursement Policy
- Capitalization Policy
- Online Banking Policy
- Treasurer's Report to the Board Policy
- Disaster Recovery Plan
- Claims Audit Process
- Audit Policy

Claims Review

- Board needs to review vouchers BEFORE they are paid, with few exceptions such as:
 - Utilities
 - Insurances
 - Certain contractual expenses
 - Expenses which could incur late fees (this should be managed, though)

Monthly Reports to the Board

- 1) Year to Date Budget
- 2) Balance Sheet/Cash Reconciliation
- 3) Warrant

Audits

- Internal audits
- External audits
 - Private, third party review
 - OSC
 - Typically a target audit on one or two processes based on a pre-field work survey probing potential areas in need of improvement
 - <http://www1.osc.state.ny.us/auditsearch/auditsearch.cfm>

The Role of the Treasurer

Planning for a Sound Financial Future

Tax Cap

- With some exceptions, the State's Property Tax Cap limits the amount local governments and most school districts can increase property taxes to the lower of:
 - two percent; or
 - the rate of inflation.
- Local governments, citizens and the Office of the State Comptroller (OSC) play important roles in the process.
- Local governments, libraries, schools (except New York City) and fire districts must report to OSC:
 - the information necessary to calculate their tax levy limit; and
 - whether they plan to stay within the Tax Cap.
- Local government boards must pass a local law or resolution by at least a 60 percent vote to override the Tax Cap.
- Voters in school districts can override the cap with a 60% vote.
- The Office of the State Comptroller has several responsibilities, including:
 - collecting the data to compute the tax cap; and
 - establishing requirements for reserves of excess funds.

Sustainable Funding

- Public funding
 - Local tax levy
- Fundraising activity
 - Whose responsibility?
- Planned giving
 - Working with attorneys and accountants
- Endowments
 - Networking within the community

Reserve Funds

- Funds designated by the Board for a specific purpose such as:
 - Contingencies
 - Capital
 - Technology upgrades
 - Purposes other than “rainy day”
- Why limits?
 - Taxes collected in one year are intended to be spent in that same year

Keep in touch!

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