



Who develops the budget?



How much to spend on salaries?

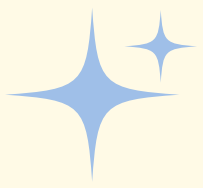


Do we need a reserve fund?

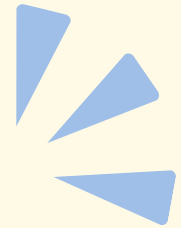


BUDGETING

For Beginners



LEARNING *Objectives*



What is a budget?



Who prepares the budget?



Knowing your funding sources



Knowing your expenditures



What is an operating fund?



What is a capital fund?



What is a reserve fund?



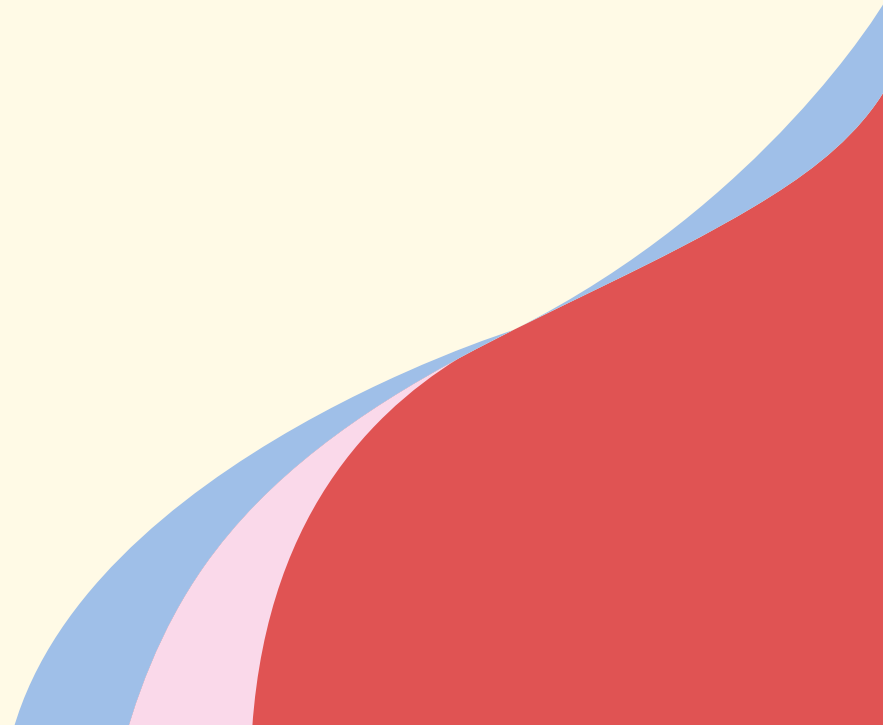
Budget transparency



Budget revisions



It's all about the plan



WHAT IS A BUDGET?

The library budget is a board-approved document that shows where funding is coming from and serves as a plan for how the funding will be spent.

It should include:

Income: Local public funding, LLSA, grants, donations, etc.

Expenditures: Salaries, benefits, materials, maintenance, etc.



But I'm not the **TREASURER!**

ALL library trustees are responsible for proper oversight of the money the library has and making sure that the library gets the money it needs.

You may not be involved with drafting the budget, but you should be familiar with it and how it ties back to the board-approved plan of service.



WHO PREPARES *the budget?*

Preparation of the budget should be a joint project of the board of trustees and the library director, but the director should lead the process.

Best Practice!

The budget draft should be reviewed by the board president, library treasurer and/or a board finance committee prior to presenting to the full board.



Knowing your FUNDING SOURCES



- ✓ School ballot referendum
- ✓ Municipal referendum
- ✓ Municipality (city, town, village)
- ✓ County, if applicable
- ✓ State/Federal funding
- ✓ Grants
- ✓ Donations, fees
- ✓ Fundraising

Knowing your EXPENDITURES



- ✓ Salaries and benefits
- ✓ Library materials
- ✓ Programming
- ✓ Maintenance and utilities
- ✓ Technology
- ✓ Marketing
- ✓ Continuing education
- ✓ Office supplies


What is an OPERATING FUND?



- Is the primary fund for the library's annual budget
- Used for day-to-day receipts and disbursements
- Account accessible by Business Manager, Director, and Treasurer
- Monthly reports to the appropriate parties

Best Practice!

Unspent funds (carryover) should be transferred to other fund accounts at the end of the fiscal year - not returned to the municipality.



What is a CAPITAL FUND?

- Is a separate account used for one-time projects
- Usually covers high-ticket items like construction, renovation, or large equipment
- Should be tied to a board-approved facilities plan



What is a RESERVE FUND?



- Undesignated fund – but its use should be defined and understood by the board
- Can be used to pay expenses in advance of receiving next year's funds
- Should not be used for hoarding!

Best Practice!

Money should be transferred in and out of a reserve fund **ONLY** with formal board approval – a vote – during an open meeting.

Budget TRANSPARENCY

Minimum Standard #5: Each... library annually prepares and publishes a board-approved, written budget...



- ✓ Post to library website
- ✓ Present to funding sources
- ✓ Use as an advocacy tool
- ✓ Consider a budget presentation

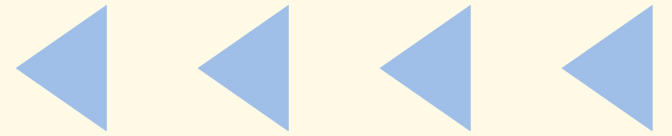
Budget REVISIONS

“A budget is a flexible document, not a rigid rulebook. Plans and circumstances will change during a fiscal year, and the board has both the authority and the responsibility to revise the budget to accommodate new situations.”

--Handbook for Library Trustees, 2023 Edition (p. 76)



It's all about **THE PLAN**



The library budget is more than just financial planning for the moment. It's about planning for the future.

The library board and its director work together to ensure that the library budget speaks directly to the goals and vision laid out in the library's plan of service - and that the library has a stable future.

Find resources

NCLS.ORG/FOR-TRUSTEES

