

The Budget Process for the New Director

The form below can be used to create your new budget for the next fiscal year. It reflects your Annual Report categories and it gives your trustees enough of a sense of how the money is being spent without too much detail. Too much detail leads to micro-managing; too little to ignorance.

Since your trustees are personally liable for what does and doesn't happen at the library (meaning they could lose their retirement savings, home, kid's college funds, etc. in a worse case scenario), you owe it to them to ensure that they are informed. Most of the legal problems libraries find themselves in stem from either financial mismanagement or personnel issues, making it all the more essential to know what's happening with the money.

IMPORTANT NOTE: Government budgets are required by statute to be balanced budgets.

The budgeting process:

1. Fill in the past couple of years' actual income and expenditures in these line items on the form below.
 - a. This will give you a snapshot of where money has come from and gone to in the past.
2. Make a reasonable calculation of what actual income and expenditures will become by the end of the current fiscal year, June 30, 20_____.
3. Make your projections about the coming year based on what you have seen from the information you entered on the form.
4. Use the notes column to explain any big increases or decreases over the past cycles.
 - a. Do not write a note for every line item, just the ones that appear to jump significantly in either direction.
 - b. Examples: supplies might be considerably less this coming year because you've stocked up and won't need any until next winter; computer hardware might drastically increase if you know replacements are needed.
5. Once you determine your projected income, look at fixed expenses first.
 - a. Most of these will be in Operating.
6. Then look at Personnel and Materials.
 - a. You may have to choose between staff raises and more materials. It's a Solomon-esque exercise.
7. You will want to present your proposed budget to the board at the April meeting. That gives them the May meeting to question it and fine tune it before they must adopt it at the June meeting.

8. It must be approved and adopted by **June 30th**. Then it must be filed on the [Department for Local Government](#) website by **July 15th**. [[KRS 065A.080](#); [KRS 065A.020\(2\)\(a\)\(2.\)\(a.\)](#)]
 - a. While the form below is an excellent budgetary tool for boards to understand, it is NOT the form you must use when you file it with the DLG. You will use the online form SPGE 101.

9. Ideally, the board will pass a budget that has a subtotal for Personnel and let you, the CEO, determine how the Personnel funds are allocated.
 - a. You do not have to give everyone the same percentage raise, but you will need a documented reason to give one employee 3% and another 5%.
 - b. Many directors do a base raise, based on Cost of Living Adjustment (COLA), for everyone that is performing at least satisfactorily, and then additional amounts to their better employees.
 - c. Performance evaluation scores would be the documentation for making these decisions.
 - d. Most common is a three-tiered approach: base, more for the good employees, a bit more than that for the excellent employees.
 - e. You will need to remind the trustees that you are their one employee, and as such, they need to set your salary themselves, not just lump it into the rest.
 - f. Ask for a specific amount and do not just let them go untutored into the discussion. They will be more apt to give you more than you ask for if they are pleased with your performance.
 - g. Not giving them a guideline at all may result in them not really discussing your important role in making the library run well and will result in a smaller raise.
 - h. Make sure you get the board to do a performance appraisal on you at or before the April board meeting — when they'll first see the proposed budget.

NB: This page is not formatted to fit a regular-sized sheet of paper

[Generic] County Public Library
 FY 20__-20__ Budget

		11-12 actual	12-13 actual	estimated 13--14	14-15 Budget	Notes
INCOME:	B1 Local Tax					
	B4 State Aid					
	B5-6; 9-12 Grants					
	B15 Copies					
	B15 Fax					
	B15 Fines					
	B15 Interest					
	B15 Postage					
	B15 Donations/Gifts					
	B15 Reimbursement					
	B15 Miscellaneous					
	B16 TOTAL INCOME	-	-	-	-	
EXPENDITURES:	Materials					
	C1 Books					
	C1 Mag./Newspapers					
	C2 Electronic Materials					
	C3 Video					
	C3 Audiobooks					
	C3 Other Audio-visual					
	C4 Databases					
	C5 Other lib materials					
	C6 TOTAL MATERIALS	-	-	-	-	
	Personnel					
	C7 Library Director Salary C8					
	Cert. Personnel Salaries C9					
	Non-Certified Per. Salaries					
	C11 FICA					
	C11 Medicare					
	C11 Worker's Comp					
	C11 Unemployment					
	C12 Retirement					
	C13 Medical Insurance					
	C14 Other					
	C16 TOTAL PERSONNEL	-	-	-	-	
	Gen. Operating					
	C17 Bldg. Repair					
	C18 Bldg. Maintenance					
	C18 Maint. Contracts					
	C18 Rent					
	C19 Telephone					
	C20 Office Supplies					
	C20 Program Supplies					
	C20 Postage					
	C21 Insurance					
	C22 Public Relations					
	C23 Utilities					
	C24 Professional Fees					
	C25 Audit Fees					
	C27 Equipment--R&R					
	C27 Furnishings--R&R					
	C28 Other					
	C29 Other					
	Sub. Gen. Oper.	-	-	-	-	
	Bookmobile/Outreach					
	C33 Operating					
	C33 Repairs					
	C33 Insurance					
	C33 Sub Bookmobile	-	-	-	-	
	Continuing Education					
	C34 Tuition, registration					
	C34 Travel					
	C34 Dues					
	C34 Sub Cont. Ed.	-	-	-	-	
	Computer Costs					
	C35 Hardware					
	C35 Software					
	C35 Maintenance					
	C35 Fees & Usage Costs					
	C35 Other					
	C35 Sub Computers	-	-	-	-	
	C36 TOTAL OPERATING	-	-	-	-	
	C36 TOTAL EXPEND.	-	-	-	-	
	C37 Capital Outlay					