



Adding It Up: Budgeting for KY Public Libraries

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Budgeting Objectives

- Identify Kentucky-specific procedures that must be followed in regards to your budget
- Explain the importance of doing a community analysis before you create your budget
- Devise budgeting policies and procedures
- Operating Budget
- Capital Budget
- Design a budget presentation

KY Need To Know Info.

- Balanced
- No negatives
- Carryover income
- Reserves
- Dept. for Local Government regulations



Dates To Remember

- ▶ May 1:

- ▶ Complete the Uniform Financial Information Report (UFIR) and submit to DLG

- ▶ June 30:

- ▶ Budget all funds and approve annual budget
- ▶ Latest date that budget amendments can be posted to DLG

- ▶ July 15:

- ▶ Post budget figures to DLG

- ▶ September 1:

- ▶ Post the budget's "Year End Actuals" (SPGE 101) to DLG
- ▶ Provide an annual financial statement and publish location where the public can examine the adopted budget, financial statements, and most recent audit/attestation engagement.

Step By Step

<https://kdla.ky.gov/librarians/administrators/Documents/TheBudgetProcess.pdf>

- ▶ Look at Strategic Plan and Community Analysis to see where your money resources should go.
- ▶ Review Budget policies and procedures (and if you don't have any then get some!!).
- ▶ Determine total financial resources necessary to meet operating costs, strategic plan and community needs/wants.
- ▶ Create a draft budget and present to the Board.
- ▶ Work with the Board to create a final budget. Include a budget calendar for the fiscal year with who is responsible for what and when it needs to be done.
- ▶ File your UFIR with the Dept. for Local Government and make your presentation to the County Judge Executive and the Fiscal Court.
- ▶ Monitor your budget and make amendments as needed. File amended budget with the Dept. for Local Government.



Community Analysis

You want to find out:

- Who lives in my community
- What are their interests and why
- What do they want from the library
- What would improve their lives

Importance of a Community Analysis

- Spurs change
- Provides evidence, support, proof, and surprises
- Helps to tell the library's story to budget people, legislators, stakeholders
- Explains why you are spending \$ where you are spending \$
- Priorities of your budget
- Focus for your budget

What Community Data Do You Need?

- I. Statistical – population; economy, languages spoken, education, political, etc. (<http://www.ksdc.louisville.edu/>)
- II. Anecdotal – observations, conversations with community members, Circulation data, Database use, Webpages visited, social media interactions, etc.

Numbers + Stories = Better Funding Decisions

Got Data!?

- Statistical:
 - U.S. Census-American Fact Finder, State Data Center
 - CIVIC Technologies-Civic's Community Connect Tool
 - Melissa Data-free "Lookups" on website
 - Local agencies/organizations
- Anecdotal:
 - Surveys
 - Focus Groups
 - Neighborhood immersion – spend time in your community and talk with people and pay attention to what they do



And More Data

- ▶ KIDS COUNT data center: <http://datacenter.kidscount.org/>
- ▶ KY Cabinet for Health & Family Services Dept. for Community Based Services DCBS Data Book: http://chfs.ky.gov/dcbs/Data_Book.htm
- ▶ American Community Survey (American FactFinder or <https://www.census.gov/acs/www/data/data-tables-and-tools/data-profiles/2015/>)
- ▶ Small Area Income and Poverty Estimates (SAIPE) Program: <https://www.census.gov/programs-surveys/saipe.html>
- ▶ Census Business Builder: Small Business (<https://cbb.census.gov/sbe/#>) and Regional Analyst Edition (<https://cbb.census.gov/rae/>)
- ▶ Community and Economic Development Initiative of Kentucky (CEDIK): <http://cedik.ca.uky.edu/CountyDataProfiles>

Analysis for Your Library

► The Building

- Age
- Condition
- Traffic patterns
- Signage
- Appearance
- Location
- Accessibility
- Parking
- Space needs

► The Collection

- Breadth and depth of holdings
- Available formats
- Use patterns
- Condition
- Customer requests

Library Analysis cont.

➤ Staff

- Educational levels
- Salary and benefit comparisons with other libraries or departments
- Length of service and job satisfaction
- Workload
- Opportunities for training or continuing education

➤ Management

- Efficiency and effectiveness of departments
- Administrative procedures
- Communication and networking

➤ Budget allocation

- Adequacy
- Comparison with other libraries
- Analysis of allocating by service or budget category



Policies & Procedures

- ▶ Why?

- ▶ Establish fiscal year

- ▶ Budgeting roles, responsibilities, and authority

- ▶ Who can modify budgets

Policies & Procedures

- ▶ 32 Board Oversight Recommendations (<https://auditor.ky.gov/cpatools/Pages/32BoardOversightRecommendations.aspx>)
- ▶ Things To Cover:
 - ▶ Identify budgeting steps, responsibilities, and time tables (incorporate into your budget calendar)
 - ▶ Identify person/people responsible for preparing & disseminating the budgeting package and doing the draft budgets
 - ▶ Identify the contents & format of budgeting package and draft budget and how many drafts will be created.
 - ▶ Identify who and how for estimation and approval of proposed changes in income and expenses.
 - ▶ Identify who and method for making adjustments to the budget.

Communicate it. Train on it.



More Policies

- ▶ Investment Policy
- ▶ Capital Asset Policy
- ▶ Fraud Risk Management
- ▶ Whistleblower Protection
- ▶ Long-Term Debt
- ▶ Compensated Absences
- ▶ Fund Balance
- ▶ Audit

Operating Budget

- ▶ Prepare for the process:
 - ▶ Select a budgeting strategy
 - ▶ Develop goals & guidelines
 - ▶ Create budgeting calendar, forms, materials, & instructions
 - ▶ Orient managers to the budgeting goals & process
- ▶ Create the Budget:
 - ▶ Prepare draft program and unit budgets
 - ▶ Review and revise draft budgets
 - ▶ Prepare and submit a proposed budget to the board
 - ▶ Review, revise, and approve the final budget

Operating Budget

- ▶ Types: Line Item; Program; Zero base
- ▶ Budget Development Types:
 - ▶ Steady state (cost to continue)
 - ▶ Controlled growth (overall % increase)
 - ▶ Selected growth (particular budget item)
 - ▶ Overall reductions (overall % decrease)
 - ▶ Selected reductions (particular budget item)

Operating Budget

- ▶ Have an incredible accounting system in place. This is how you collect and keep track of financial information.
 - ▶ Basis of Accounting: cash basis, modified-accrual, full accrual
- ▶ Revenue (i.e. income)-break down by source of funding
- ▶ Expenditures-group in categories with line item costs such as: personnel costs, general operating costs, contract fees, and collection costs
- ▶ Types of Funds:
 - ▶ General (most common, daily operating income & expenses)
 - ▶ Special Revenue (grants, donated funds, have legal or regulatory provisions)
 - ▶ Debt Service (paying back long-term debt)
 - ▶ Private Purpose Trusts & Permanent Trusts

Operating Budget

▶ Types of Accounts:

- ▶ Assets
- ▶ Liabilities
- ▶ Fund Balance/Net Position
- ▶ Revenues
- ▶ Expenditures/Expenses
- ▶ Current Assets vs. Non-current Assets
- ▶ Current Liabilities vs. Non-current Liabilities
- ▶ Deferred outflows vs. Deferred inflows
- ▶ Current Assets are used to pay for Current Liabilities

General Ledger summarizes all accounting transactions. Maintain supporting documentation.

Operating vs. Capital Budgets

- ▶ Operating is year to year/Capital is over a year long
- ▶ Capital is irregular and big budget items, i.e. new building, renovations, etc.
- ▶ Keep these budgets separate
- ▶ Debt retirement from capital budget may be in operating budget

Capital Budgets

- ▶ Two Types: Capital Improvement & Capital Equipment
- ▶ Things To Think About:
 - ▶ Does the project fit into the strategic plan and/or community needs?
 - ▶ What will the Return on Investment (ROI) be?
 - ▶ How will it be financed?

Budgeting Presentation

- ▶ Do your homework
 - ▶ Know your community priorities
 - ▶ Talk to your Friends Group
 - ▶ Form partnerships
- ▶ Prepare your Presentation
 - ▶ Have a good spending plan to show (Performance + Justification=Request for increases)
 - ▶ Express how more money will make improvements
 - ▶ Weigh towards things that will make the most impact in the places most needed
 - ▶ Be ready to discuss any changes
 - ▶ Give clear answers and not “I don’t know”s or hesitate

Budgeting Presentation cont.

- ▶ Presentation

- ▶ Start with lowest level of detail and add layers if needed
- ▶ Can use graphs, charts, etc.
- ▶ At minimum show:
 - ▶ Dollar amount changes with brief explanations
 - ▶ Service differences with dollar changes
 - ▶ Staffing differences with dollar changes
- ▶ Do an assessment of changes and the forces driving the changes
- ▶ Only offer what is needed as it is needed

Presentation Dos & Don'ts

▶ Dos:

- ▶ Be a good listener
- ▶ Know how to say No
- ▶ Compromise if you can
- ▶ Stay positive

▶ Don'ts:

- ▶ Under prepare
- ▶ Hem & haw on an answer
- ▶ Commit to a specific number
- ▶ Fake an answer
- ▶ Be confrontational

Budgeting Best Practices

- ▶ Budget should reflect how the library returns value to the community and aligns with community priorities.
- ▶ Understand how to use comparative data (similar libraries, your library's historical data) to support your budget.
- ▶ Ask colleagues for budgeting advice.
- ▶ Work with your community's representatives.
- ▶ Give the budget your constant attention and monitor it year-round.
- ▶ Relate budget to the youth of the community-plan for the future.
- ▶ Keep budget message positive.
- ▶ Get patron support-in the door & cyber.

Resources

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