

# 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?

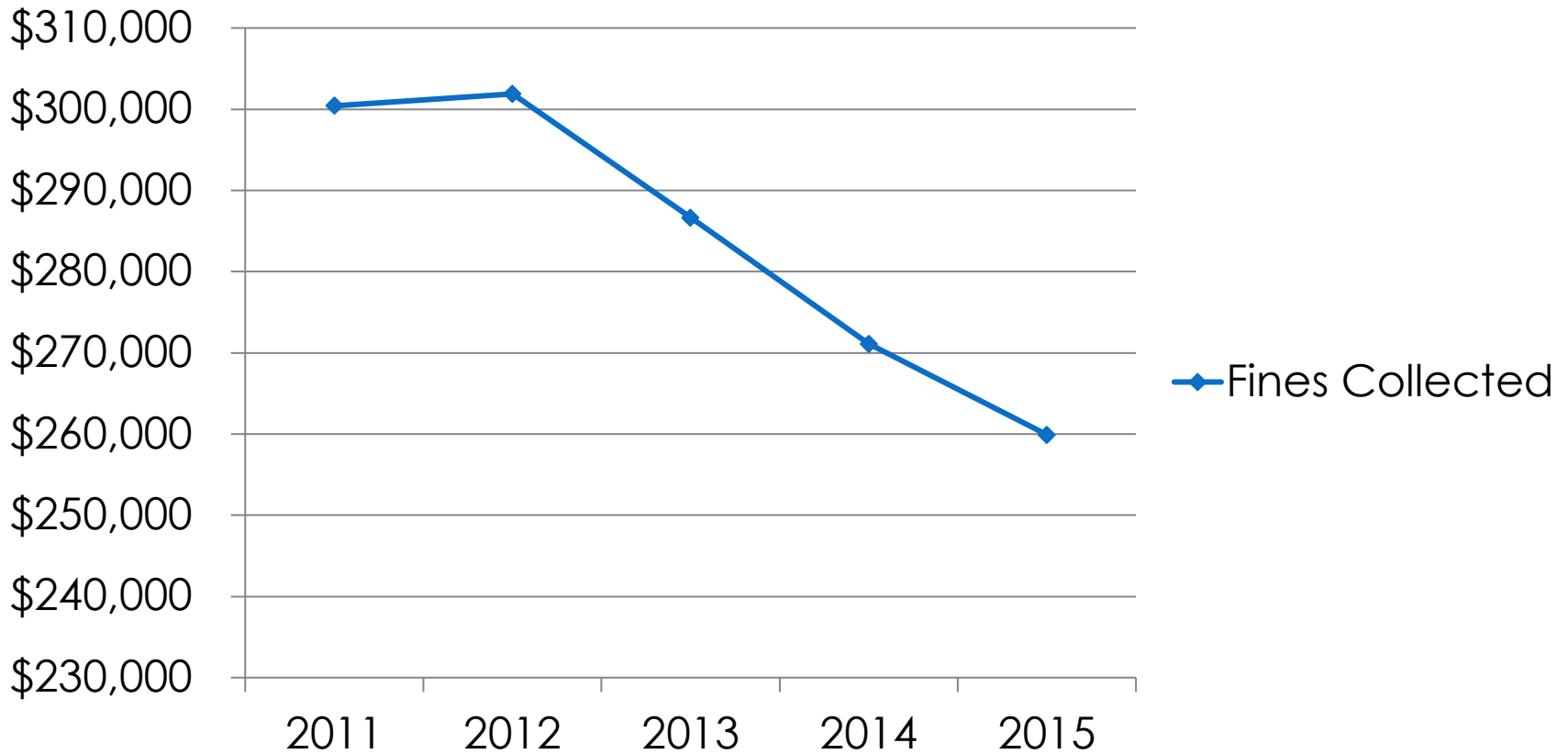
# Grants

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

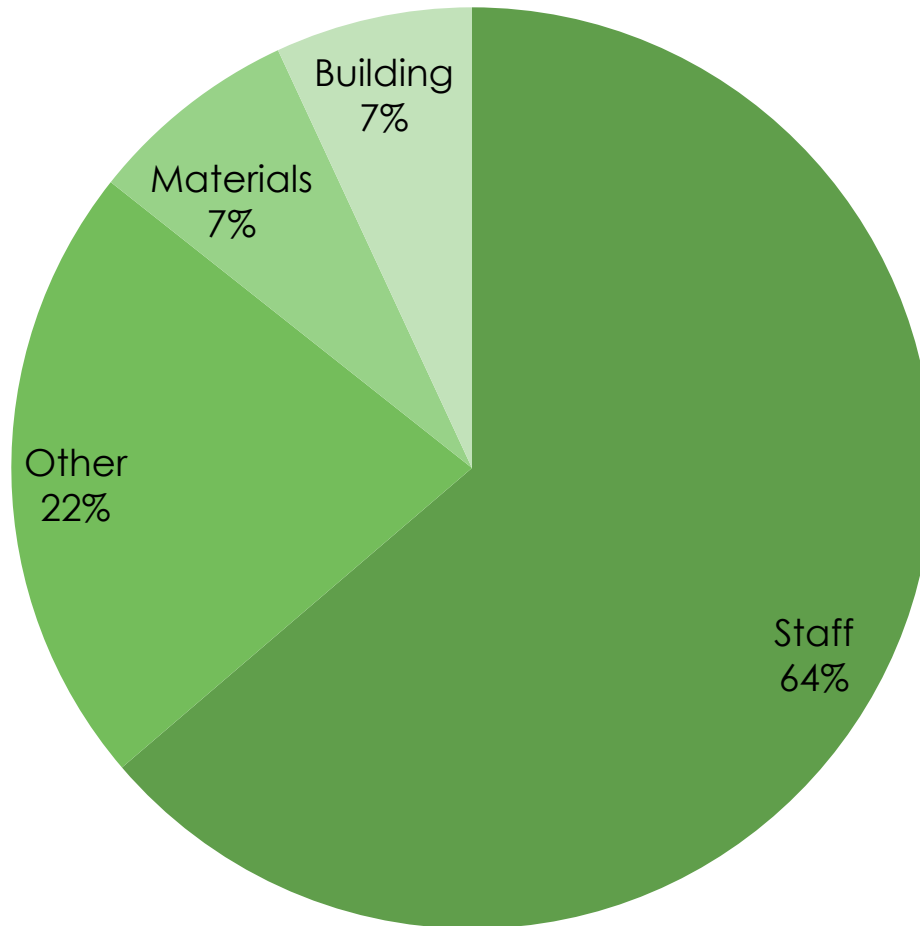


# Expenditures

- 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.

# Assessing the Community's Needs

- Library Data
- Community Data
- Community Feedback
- Other methods?

# Evidence-Based Collection Development

Microsoft Excel: VTFINALCollectionBudgetBreakdown

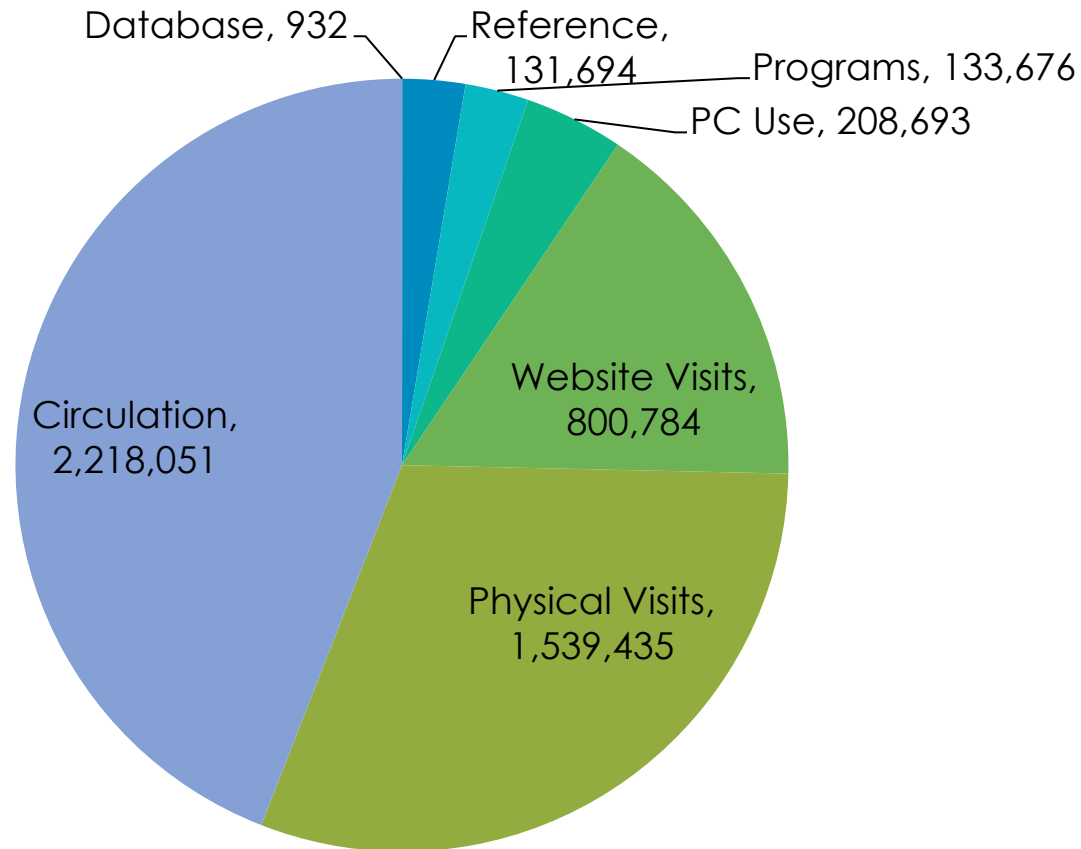
2015 Collection Analysis and 2016 Budget Distribution for Vince Tofany Branch

Material Type	# of Items	Total YTD Circ	% of Total YTD Circ	Avg Cost Per Item	\$ Distribution	+/- %b/t Col. E & B7	Adjusted \$ Distribution	Final \$ Distribution	2015 Allocation	2016 Friends Funds
<b>A. Childrens</b>										
Bay Books	1860	18,506	4.5%	\$15	\$10,940	-37%	\$6,883			
Board Books	583	4,287	1.0%	\$8	\$2,534	-66%	\$850			
EZ Readers	3049	17,925	4.4%	\$11	\$10,596	-54%	\$4,889			
Holiday	1576	2,690	0.7%	\$14	\$1,590	-41%	\$934			
Home School	229	626	0.2%	\$53	\$370	122%	\$823			
J Bio	396	593	0.1%	\$13	\$351	-45%	\$191			
J BOCD & BK/CD	259	661	0.2%	\$35	\$391	47%	\$574			
J DVD/BLURAY/NF*	3332	8,412	2.1%	\$17	\$4,973	-29%	\$3,546			
J Fiction	3890	14,634	3.6%	\$15	\$8,651	-37%	\$5,443			
J Graphic	1000	4,734	1.2%	\$10	\$2,798	-58%	\$1,174			
J Non Fiction	6660	19,131	4.7%	\$17	\$11,309	-29%	\$8,064			
J Series	2220	13,619	3.3%	\$11	\$8,051	-54%	\$3,715			
Music	266	1,016	0.2%	\$13	\$601	-45%	\$327			
Pic Books	5448	22,085	5.4%	\$16	\$13,055	-33%	\$8,762			
RTMB	70	458	0.1%	\$30	\$271	26%	\$341			
<b>Childrens Total:</b>	<b>30838</b>	<b>129,377</b>	<b>31.7%</b>		<b>\$76,480</b>		<b>\$46,514</b>	<b>\$42,000</b>	\$52,000	

Annotations: 'enter row', 'formula', 'curated' callouts are present in the spreadsheet image.

Thanks to the Greece Public Library

# The Bigger Data Picture



Customer interactions across Pioneer Library System (2014)

# Measure “Service Chain” Costs

- What is the cost to deliver a particular service to a customer?
- What is the benefit of that service?
- What can be done to make that process more efficient?

# Collecting Community Data

- Community Demographics
- Surveys
- Focus Groups
- Other methods?

# 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

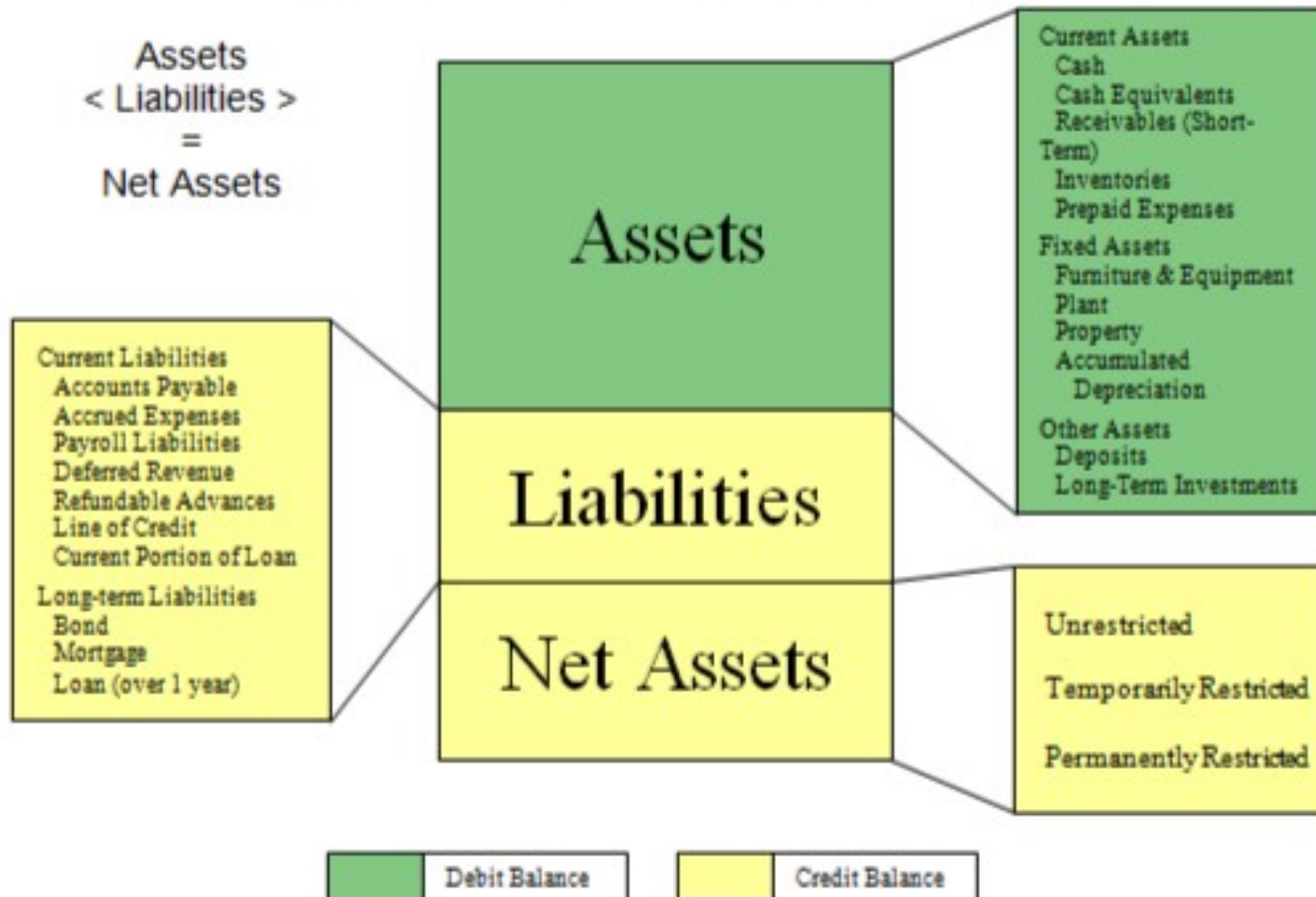
- Board needs to review vouchers BEFORE they are paid, with few exceptions such as:
  - Utilities
  - Insurances
  - Certain contractual expenses
  - Expenses which could incur late fees (this should be managed, though)

# Monthly Reports to the Board

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

# Understanding Monthly Statements

STATEMENT OF FINANCIAL POSITION - DIAGRAM



# 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>



# Sample OSC Summary

- **Audit No:** 2015M-259    **Audit Year:** 2016    **Release Date:** 04/01/2016
- **Audit Name:** Cohoes Public Library □ Governance and Operations (Lib)
- **Report:** <http://www.osc.state.ny.us/localgov/audits/libraries/2016/cohoes.htm>
- **Summary:** The Board has not governed and operated the Library in accordance with its charter, bylaws and the City code. The Board is unfamiliar with the Library's charter and bylaws and the City code pertaining to the Library. As a result, the Board and Director have not assumed all duties required by the Library's governing documents, leaving City officials with primary control over the Library's operations and finances. In addition, because the Treasurer does not submit complete and adequate monthly financial reports to the Board, it does not have a complete understanding of Library's financial position and cannot effectively monitor the budget and actual results of operations. Furthermore, the Board has not undertaken its obligations related to determining the Library's budget. For example, the Library did not receive \$107,539 in funding from the City during 2012 and 2013 in accordance with the Library's budgets, as adopted by the Common Council, which could have been used for Library activities. Also, the Board does not audit and approve claims prior to them being processed for payment by the City.

# 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

# Special Revenue Funds

- Money received for a specific purpose
- Funds can be fully spent
- Money is booked into the CM Fund and then transferred, by Board authority, to the A Fund
- Send thank you before you cash the check
- Create a good PR event!

# Permanent Funds

- Endowments
- Typically provided through a will or other generous gift
- Principle must remain intact
- Interest usually booked into the CM Fund and transferred to the A Fund upon expenditure
- Endowments must be managed in compliance with OSC Cash Management Guidelines



# Capital Financing

- More specialized area of library finance
- Use attorneys and other financial advisers
- Designed to separate funding for major public works improvements from general operating
- Often funded with bonds or borrowing approved by the voters

# Review

- Questions?
- What did you learn?

# Keep in touch!

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