

## SUBJECT: BUDGET PROCEDURES

## I. PURPOSE

Preparation of the Library's budget is among the most important duties of the Library Board and the administrative staff. The purpose of this policy is to set forth procedures for the orderly and timely development of the Library's budget.

## II. SCOPE

Property taxes provide over 90% of the Library's operating budget. Illinois Statutes dictate that the tax levy for municipal libraries must be channeled through the corporate authority. Therefore, the Library's tax levy request and those capital items that are incorporated into the City's Capital Improvement Program (CIP) are submitted annually to the City Council for final approval. This process requires the Library to transmit all budget documents through the City for inclusion in the City's budget process. The Budget Procedures policy outlines the timetable to be followed and the information to be included in the budget, the calendar for which may vary slightly from year to year.

## III. PROVISIONS

A. Responsibility:

1. The overall responsibility for the assumptions, timely preparation and presentation of the budget to the Library Board throughout the process rests with the Executive Director.
2. The responsibility for development of the assumptions and preparation of the budget belongs to the Assistant Director for Administrative Services.

B. Timing: Preparation of the budget is a progressive process that involves regular interaction between the Library Board and staff. To facilitate this process, the staff will adhere to a schedule of presentations to the Library Board:

- July – Using the Library's strategic and other planning documents as a basis, staff presents preliminary budget assumptions for the next fiscal year and makes conceptual recommendations, identifying operating and capital elements. The Library Board reviews budget priorities for the coming fiscal year.
- August – Staff presents preliminary budget assumptions with expanded explanations, cost estimates and cost summary. The Library Board establishes priorities.
- September –
  - Staff presents preliminary budget detail including estimates for second and third year implications, and a three-year financial plan. The Library Board confirms priorities.

- Staff presents to the Board the tax levy request, the preliminary detailed operating budget, and the capital projects to be included in the City's Capital Improvement Program (CIP) for Library Board approval.
  - The Board-approved tax levy request and three-year plan are forwarded to the City.
  - October –The Board-approved tax levy request and three-year plan are forwarded to the City.
  - November –Staff enters data and narratives into the City's accounting system.
  - December –
    - The City Council submits the tax levy to the County.
    - Staff presents to the Library Board budget narratives that will be included in the City's budget document: organizational and departmental goals and objectives; staffing levels; and performance measures
  - January/February – Staff continually reviews the budget request for changes that may result in a reduction.
  - February/March – The City Council reviews the budget, tax levy requests and submittals for the CIP through workshops and Library defends requests.
  - April –
    - The City Council approves the final operating budget and CIP requests.
    - City staff submit tax levy amounts to the respective counties.
  - May/June – The Library Board approves the budget resolutions based on the final budget.
  - The Illinois Statutes require that the preliminary tax levy must be submitted in December and the final be submitted in April. Beyond these restrictions, timing variations may occur as determined by the City.
- C. Format: The budget detail approved by the Library Board is not in the form required by the City, but its equivalent is converted to the City form by the Library staff.

The budget should include the following:

1. A short explanation of the important features of the budget.
  2. A statement of important assumptions.
  3. A set of schedules as follows:
    - a. Operating fund -- revenues
    - b. Operating fund -- expenditures
    - c. Capital projects
    - d. Building Reserve Fund
    - e. Endowment Funds
    - f. Gift/Memorial funds
    - g. Capital Improvement Program
  4. Supporting schedules will be included upon Board request to explain important items such as salaries and wages, equipment maintenance, building capital outlay, equipment capital outlay, etc.
- D. Assumptions: The statement of important assumptions outlines the major elements used to determine revenues, operating expenditures and capital expenditures. Among these will be rates of inflation assumed for expenditures, rates of increases for salaries, wages and benefit plans, assumed timing of events that affect operating results and other elements in Library operations that impact costs. Other assumptions affecting results should also be listed.
- E. Changes to Approved Budget: All line items are numbered. Transfers between line items of \$5,000 or less can be approved by the Library's Executive Director. All other transfers shall only be made with the approval of the Library Board.