



Kalamazoo Public Library

Operational Policy: Budgeting

Scope

This budgeting policy applies to all funds owned or assigned to Kalamazoo Public Library (KPL) unless specifically exempted by resolution of the Board.

Objectives

The primary objective of the budgeting policies and practices of KPL funds is to provide useful financial information demonstrating the library's accountability and stewardship of public funds. Accountability and the stewardship of public funds, including the fiscal responsibility of a balanced budget, are the objectives of the KPL Board, management, and staff.

Responsibility

The Board of Trustees Bylaws state that the responsibility for the adoption of an annual budget for the operation and maintenance of the Library rests with the Board of Trustees. The Finance and Budget Committee, a standing committee of the Board of Trustees, is responsible to review, consider, and recommend for board action an annual budget and any amendments to it as proposed by management. It is the responsibility of the Library Director to develop and submit the annual budget.

Budget Development and Structure

Budget development and control is an integral part of the management process. Perhaps the most difficult part of the budgetary process is the identification of organizational goals and objectives and their interpretation into financial terms. These goals and objectives are identified at KPL in the Strategic and Tactical Plans. The plans' integration into KPL's formal annual budget process are generally defined in two directions: from the top

down, moving from the Board of Trustees and/or Director to the individual agencies within KPL; and from the bottom up, with each agency identifying “wish lists” for upcoming expenditure needs.

Budgets at KPL have two dimensions: by line item category of revenue or expenditure; and by agency or individual program (gifts and grants). As each goal or objective is identified, the most effective method of interpreting that goal or objective into quantitative terms is chosen. KPL uses a combination of the following:

Line Budgeting

The classification of revenues and expenditures into account titles used in accounting reports, with separate detailed budgets explaining their content. Line item budgets typically take last year’s funding for each item of input, adds a factor for inflation, and adjusts for the anticipated activity level within the upcoming year.

Program Budgeting

The development of a budget for a specific program or activity. The program budget is typically used for review, decision making, and the coordination of program activities and services.

Zero Base Budgeting

The process of developing a periodic budget on the assumption that the organization is initiating operations at the beginning of the budget period; thus total budget must be developed rather than an incremental (line item) type of budget.

Budget Types

Separate budgets must be prepared to assure appropriate accountability for KPL resources. They include:

The General Fund Operating Budget

This budget contains the tax and other resources (revenues) necessary to support the expenditures defined as necessary to achieve the objectives of KPL. Supporting Cash and Capital Budgets are included within the overall definition of the Operating Budget of KPL.

Gifts and Grants Budget

This budget includes funding sources for nonoperating funds received by KPL. Revenue and expenditures for all nonoperating funds owned or assigned to KPL will be budgeted on an annual basis by individual fund and accumulated into an overall Gifts and Grants consolidated budget.

Frequency

Both the General Fund Operating Budget and the Gifts and Grants Budget will be developed and approved no less than once each fiscal year, which begins July 1st. Comprehensive revisions to the annual approved budget are to be submitted if and when material changes to the overall budget become known. Description of the frequency of the budgetary process is described below by fund type.

The General Fund

The Preliminary Budget is prepared prior to the beginning of the fiscal year with Board approval occurring by June. The cash and capital requirements will be included as supporting information. The preliminary budget is to be the subject of a Public Hearing prior to approval of the budget and its implied tax revenue levy.

The Close Estimate General Fund (Operating) Budget is prepared and submitted within the fiscal year, updating the previously approved Preliminary Budget estimates to include all known significant changes. The number of Close Estimate Budget Revisions and timing of their submittal depend upon the nature and timing of significant changes to the Preliminary Budget.

Gifts and Grants Consolidated Funds

A consolidated revenue and expenditure budget will be prepared and submitted for all approved gift and grant funds during the first quarter of the fiscal year. Changes to the gifts and grants budget due to the award of monies to the Library will be incorporated without resubmitting the consolidated budget as grants are approved by the board.

Adopted: January 19, 1993.

Effective: January 19, 1993.