

BUDGET & FINANCE

OUTCOME

The community is enriched by a library that is sufficiently funded and transparently administered to meet and anticipate community needs.

OVERVIEW

Colorado public libraries receive an average of 93% of their funding from local tax revenues. Libraries earn the public trust by being accountable and transparent about the use of public funds. Libraries are proactive in these responsibilities and demonstrate transparency by reporting financial and performance information on a frequent, consistent, and reliable basis.

The library's governing authority seeks and secures funding from local taxes and other public and private sources. The library governing authority (library district board of trustees or city/county municipal, county, other government), in coordination with the director, monitors revenue and expenditures and allocates funds with integrity and to support library goals.

LIBRARY DISTRICTS

Library districts, as independent taxing authorities, follow additional fiscal policies and procedures consistent with state law that go beyond municipal, county, and other local library requirements. For this reason, this standard includes additional checklist items for library districts.

FUNDRAISING

Many libraries have separate fundraising strategies, such as a "Friends" group and/or foundation with a 501(C)(3) status. These organizations manage donations, grants, endowments, fundraising events, and/or other funding. These efforts allow for additional library offerings and are supplemental to local tax and other public funding.



7: Montrose Regional Library Bookmobile.

FINANCE & BUDGET ESSENTIALS CHECKLIST FOR ALL PUBLIC LIBRARIES

- ❑ Develop an annual budget based on the library's strategic plan and other key objectives for approval by the library governing authority. Library Districts: Comply with Colorado requirements outlined in law, C.R.S. § 24-90-109(1)(d); (e)(II); & (I)(II) and § 29-1-101, et seq., and the Department of Local Affairs Local Government Budget Calendar.
- ❑ Prepare and review monthly financial statements that include comparison to budgeted amounts and make financial information available to the public to ensure responsible and transparent use of funds.
- ❑ Establish policies and procedures for the library's financial management, including budgeting, purchasing approvals, procurement, contracts, reimbursement, petty cash, etc. Library Districts: Additional policies and procedures include records retention, budget processes, contracts, control of asset disposal, annual audits, reserve funds, etc.
- ❑ Maintain reliable bookkeeping software with scheduled funding updates, security, password access, and back up, rather than financial details saved on a single device.
- ❑ Prepare, review, and approve the budget. In coordination with the library director and other financial library staff, the governing authority approves the budget and expenditures and tracks expenditures and reports. Library Districts: The board of trustees approves the budget and large expenditures as defined by policy. Municipal, County, Other Libraries: The town and/or county governance oversees the budget and expenditures. The library board advises on and advocates for expenditures in alignment with the strategic plan.
- ❑ Use group purchases and collective bargaining opportunities to expend funds effectively and efficiently.
- ❑ Follow financial management guidelines and fiscal procedures consistent with federal and state law and local government requirements.
- ❑ Participate in the State Grants to Libraries program administered by the Colorado State Library.
- ❑ Develop a long-term finance plan (minimum three years) in conjunction with the library's strategic plan to identify resources that address future needs of the community. The long-term financial plan includes categories and amounts that are tracked and updated over time.
- ❑ Determine product life cycles when purchasing new products and budget for repairs and spare parts if the library is able to support any equipment beyond its warranty period.



8: The donor wall at Pine River Library.

- ❑ Contract with local and/or minority owned businesses when feasible.
- ❑ Library Districts: Commission and accept an independent financial audit as required by law for library districts. Municipal, County, Other Libraries: Participate in audits as required by the local library governing authority.
- ❑ Library Districts: Develop fund balance policies to always ensure appropriate levels of funds and in consideration of TABOR requirements when applicable; develop policies to address situations when funds are used as well as when targeted fund balances are not achieved.

BUDGET & FINANCE ESSENTIALS +
CHECKLIST FOR LARGER LIBRARIES

- ❑ Explore local, state, and national fundraising opportunities, sponsorships, partnerships, grants, donations, and gifts for special projects or as a supplement to local funding.
- ❑ Establish financial policies and procedures, when relevant, to address audits, capital assets, investments, borrowing, etc.
- ❑ Analyze the budget and expenditures annually including using peer library comparison data, performance toward goals, and other standards and best practices.
- ❑ Engage with professional organizations that support development and resources in financial best practices, such as the Government Finance Officers Association and the Colorado Government Finance Officers Association.
- ❑ Encourage community financial contributions through Friends, foundations, philanthropists, and/or other organizations.
- ❑ Develop a capital infrastructure plan with a depreciation schedule for library assets, a multi-year capital replacement plan with estimated budget amounts for depreciation, and when appropriate, an established asset reserve account for replacement and construction costs.
- ❑ Foster a library culture of philanthropy and employee giving through events and systems, such as payroll deduction.