

KANSAS Trustee Education Program  
Trustee Handout

**Topic: BUDGET ISSUES FOR TRUSTEES**

**Definitions:**

**Ad Valorem**

- An ad-valorem tax (Latin: *by value*) is a tax based on the value of real estate or personal property.

**Budget**

- Financial plan that serves as an estimate of future expenditures, revenue or both.

**Carryover**

- Definition from Library Board perspective:  
The total of all fund balances, which equals all cash in bank accounts and investments at year-end.
- Definition from the City or Township perspective:  
The amount of tax dollars not distributed to the library before the fiscal year-end, or the amount of tax dollars not expended by the library.

**Cash basis**

- Method of bookkeeping by which revenues and expenditures are recorded when they are received and paid.

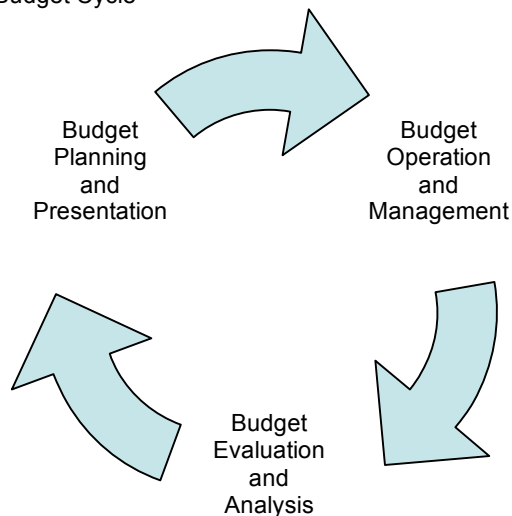
**Fiscal Year**

- Period of 12 consecutive months chosen by an entity as its accounting period which may or may not be a calendar year.

**Budget cycle**

Budgets go thru phases and stages. In planning the budget for the library, focus on the organization goals in your strategic plan. Plan early, monitor constantly and set standards with care – there is no one-size-fits-all standard of public libraries of a certain size. The library board, with the library director, acts as the library’s financial management and is responsible for planning, directing and monitoring of the budget. With all the effort required, remember no one knows more about your budget than you do – or cares more either.

Budget Cycle



**Budgeting is**

- determining and obtaining the funding necessary to meet the library’s service goals.

**Conversely, budgeting is**

- determining what library services can be provided within the funding available.

K.S.A. 12-1220 states that “the governing body shall annually levy a tax for the maintenance of such library in such sum as the library board shall determine...” There are no statutory limits to the library levy, except those imposed by a home rule charter ordinance.

Since the library tax funding is levied through the city or township, the library trustees, in essence, must develop the library budget. Then, the trustees must focus on the pieces of the budget that are required by the taxing entity (city or township).

Libraries are not required to include any non-tax monies in city or township published budget. Some taxing entities have the library include system grants and state aid, but no other income. In other words, this published local tax budget is a subset of the library budget. Granted, it’s the largest piece (the tax dollars), but it is not the entire budget. In order to be eligible for state aid, library must receive the same amount OR MORE in local tax revenue than it did in the preceding year.

Expenditures of tax revenue may not exceed the published budget. Any remaining balance in the fund at the end of the current budget year shall be carried forward to the next budget year (KSA 79-2935).

**Library Budget**

- Includes all anticipated library income and expenditures
- Is the library’s basic financial planning tool
- No spending limit on non-tax revenue
- Is created and presented by the Library Director and the Library Board

**Official City/Township Budget**

- Sets the tax authority and expenditure authority limit for all city funds (including the library fund)
- Library income is usually limited to tax funds, possibly with state aid and system grants included.
- Library expenditure limit is based on funds above, and can not be exceeded, even if more tax revenue received.

**Budget Process – Start to Finish**

Steps	Timeline
1. Review strategic plan goals, determine library needs, and library income required to meet those needs.	January – March
2. Present budget request in writing and in at meeting of local governing body (city commission or township board).	March - May
3. Approve resolution of intent to increase local tax income.	April – June
4. Local government publishes budget and conducts public hearing. District libraries must take these steps directly. Other libraries should obtain copies of <b>all</b> pages of the official budget related to library funds.	July – August
5. Determine final operating budget based on official budget and any other funding sources.	September – December

## Who does what:

### Library Director

- Keeps library board informed of library activities, needs and concerns
- Using the strategic plan, prepares a draft budget request for discussion
- Explains monthly library expenditures to board
- Provides library board with monthly financial reports (with Treasurer) showing this FY and previous FY.

### Library Board Trustees

- Stays informed about library activities needs and concerns
- Reviews draft budget request in light of strategic plan
- Approves final budget request based on board approved priorities
- Approves monthly expenditures – legally responsible for how funds are spent
- Reviews monthly financial reports – continual prioritization needed to match available funds to expenditures (recommendations from library director)
- With the director, promotes the budget request

### Library Director and Library Board Trustees

- Develop goals for library as part of strategic planning
- Present budget request to city council

### Tax Revenue Disbursement Schedule

January 20 <sup>th</sup>	<b>These are the dates by which the County Treasurer must distribute tax revenues to the taxing subdivisions - cities, townships, etc. The library should receive its funds near this date.</b>
March 20 <sup>th</sup>	
June 6 <sup>th</sup>	
September 20 <sup>th</sup>	
October 31 <sup>st</sup>	
December 20 <sup>th</sup> (Motor Vehicle Tax only) - will not apply to all libraries –	

Tax distributions are required by K.S.A. 12-1678a to be distributed to the taxing entities **ON OR BEFORE** the above listed dates

### Additional Resources:

#### √Relevant Statutes:

- K.S.A. 12-1220 Establishment; tax levy; use of proceeds
- K.S.A. 12-1220 Power and duties of board
- K.S.A. 10-1101-1116 Cash basis law

#### √Kansas Sources:

- “Budget Issues for Library Trustees” in Trustee Topics: Caring for the Library Director’s Position, at <http://skyways.lib.ks.us/KLS/development/trusteetopics.html>.
- Warner, Alice Sizer. *Budgeting: a how-to-do-it manual for librarians*. Neal-Schuman Publishers, Inc., 1998.
- “Budget-Making: Laying the Groundwork for Success,” *TrusteeTalk*, November 2006, 4-5. Go to [www.kslibtrustees.org](http://www.kslibtrustees.org); click TrusteeTalk Archive for a pdf.

#### √Other Online Sources:

Accounting Terminology Guide, New York State Society of CPAs Web Site,  
[http://www.nyscpa.org/prof\\_library/guide.htm#C](http://www.nyscpa.org/prof_library/guide.htm#C)

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