



## Budget Policy and Process

---

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 to the City for inclusion in the City's budget materials. However, the Library Board of Trustees is responsible for determining the annual levy request and managing the monies in each of the funds in its jurisdiction. The Budget Policy and Process outlines the various responsibilities, library funds, and required deadlines involved in the development and management of the budget.

### Responsibilities

- The overall responsibility for the assumptions and timely preparation of materials and presentations throughout the process rests with the Executive Director.
- The responsibility for development of the assumptions and preparation of the fiscal plan belongs to the Executive Team.
- The library will utilize the structure and components established by the City in the construction of its budget materials.

### Library Funds

- **Operating Fund** – This fund supports the library's routine operations. It tracks the library's annual revenues (comprised primarily of property taxes, revenues generated by the library through fines and user fees) and expenditures (salaries and benefits, library materials, and all operational support such as supplies, utilities, and facilities costs).
- **Capital Reserve** – This fund was established and is maintained by the transfer of unexpended balances from the operating budget. Expenditures from this fund are restricted by State Statute to planned and emergency capital projects. The Library Board reviews the purpose of this fund annually, and details for the planned expenditures are included in the total budget resolution passed by the Board of Trustees at their annual meeting. The library limits this fund to \$250,000 per year for the purposes of minor maintenance and capital projects. Capital projects in excess of what can be supported through the Capital Reserve are submitted to the City for review and approval through their Capital Improvement Plan (CIP) process. Deviations from this process will be communicated to the City when necessary.
- **Gift/Grant/Memorial Fund** – This fund was established to hold contributions of gifts and memorials to the library. Gifts come from individuals, civic groups, and businesses. This fund also holds all grants with the exception of the Per Capita Grant. Grants run on independent calendars and frequently bridge multiple years. The interest on investments from these gifts is also retained in this account. Undesignated gifts can be held in reserve for major purchases and are not necessarily spent during the current fiscal year.

## **Process and Timeline**

Preparation of the overall fiscal plan and budget is a progressive process that involves regular interaction between the Library Board, library staff, and City staff, timed to provide necessary information to the City according to their budget calendar, established annually. Illinois Statutes require that the preliminary tax levy must be submitted in December and the final tax levy in April. Beyond these restrictions, processes and timing occur as determined by the City in consultation with library administration.

## **Changes to Approved Budget**

All line items are numbered. Transfers between line items of \$20,000 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.