

## **Kitchigami Regional Library Budget Policy**

### **Purpose**

The purpose of this policy is to clarify the financial process of Kitchigami Regional Library, consistent with Articles III and IV of the Master Agreement (1991) and Minnesota Statute 134. Current practices provide member cities and counties with an annual timeline for budget processes.

### **Principle**

Kitchigami Regional Library is funded by levies provided by the cities with branch libraries and counties that are party to its Master Agreement; additional funds from the State of Minnesota contribute to the costs of the regional infrastructure. Kitchigami Regional Library annually develops an operating budget, which expresses in financial terms the goals and objectives of library service for the coming year, to provide sufficient revenues for the costs of operating the library system. The participating cities and counties expect a clear understanding of how the regional library board develops its budget. Accountability for budget management is provided by the annual Report of Results Accomplished and the audited financial statement.

### **Policy**

Kitchigami Regional Library's finance and budget policies are expressed in Articles III and IV of the Kitchigami Regional Library Master Agreement. In order to respond to a changing financial environment, KRL will annually review its budget practice to ensure that it obtains the necessary funds for its operational plans. A written statement of the Board's budget practices will be distributed to the cities and counties with the annual budget request.

### **Practice**

#### **1. Budget principles**

- 1.** The total revenues from city levies and their county must equal all the direct local expenditures and indirect expenditures attributable to local service levels within the county.
  - 1.1 City levies will be applied to the service costs for that city; all additional costs will be included in the county levy request.
  - 1.2 Cities and counties are encouraged to work out cost-sharing relationships for service costs and/or to consult on service reductions should that be necessary.
  - 1.3 The KRL board will determine annual levy increases for the cities.
- 2.** Automation repair and replacement reserve contributions are a city responsibility and are paid out of city levies.

3. Local portions for shared services such as delivery, KitchiCat and shared collections will recognize service volume. Included in the initial budget materials will be a summary of these services.
4. Cities and counties will have the opportunity to suggest changes to service levels in order to adjust the levy request.
5. Regional Library Basic System Support funds are applied to the costs of operating the regional infrastructure provided by the administrative headquarters in Pine River. Additional infrastructure costs will be addressed through local levies or operational restructuring. KRL will, as noted in item 1.3, provide an activities report that shows the equitable distribution of services as noted in the Master Agreement.
6. Local monetary donations and special project grant funding are not included in the budget but are accounted for in the annual audit.

## **2. Annual budget schedule**

May regular meeting: Board reviews its budget practice; Board establishes principles for operating budget for the coming year including such guidelines as service level maintenance/change, levy increase restrictions, special projects, assumptions for estimates, etc.

June: Budget Committee meets to review first budget draft for all major cost areas and amend for presentation at the June regular meeting

June regular meeting: Board reviews the draft budget for all major cost areas and proposes revisions

July: Draft budgets with levy requirements for that service level are distributed to the cities and counties. The cover letter will explain the availability of both KRL Executive Director and city and county representatives to meet with governing bodies, and/or their budget committees, throughout this process. The Budget committee membership, duties, and responsibilities will be submitted to cities and counties along with the initial proposed budgets which are distributed in July. Suggestions for budget changes should be submitted by the first Thursday in September.

July: Budget Committee meets to incorporate revisions from June board meeting

July regular meeting: Board votes on final draft budget for branch libraries

July: Draft budgets with levy requirements for that service level are distributed to the cities and counties; the cover letter will request that cities and counties submit suggestions for budget changes by the 1<sup>st</sup> Thursday in September

September: Board reviews and responds to any budget revisions proposed by cities and counties to branch library budgets; board reviews and revises Headquarters budget if state RLBS known by second Thursday

October: Letter sent to cities and counties requesting confirmation of their budget decisions

November: Board reviews and responds to any budget changes resulting from October letters

November: Board reviews and revises the Headquarters budget if final state RLBS known

January: Board confirms and approves total budget