

Budget Policy

Purpose

The purpose of this policy is to provide a framework for the Mount Clemens Public Library Board of Trustees and staff for the fiscal operations of the library, to ensure sound fiscal management and to outline responsibilities for managing the library's public funds. This policy applies to the financial activities of all funds under the library's direction. The Board of Trustees and the staff recognize their obligation to adhere to all Michigan statutes and mandated accounting procedures.

Budget

Under the District Library Establishment Act, 1989 PA 24, MCL 397.171 et seq., the Board of Trustees of the Mount Clemens Public Library holds exclusive authority to establish an annual operating budget, set library policies, and approve expenditures of all library funds in the annual budget. The budget is developed annually through a cooperative process involving the Library Director, the Assistant Library Director, the Bookkeeper, and the Library's Department Heads.

Budget Process

The budget process is the primary mechanism by which key decisions are made regarding the levels and types of services to be provided based on anticipated available resources. This budget policy outlines how financial health and stability are achieved. The budget is developed annually through a cooperative process involving the Board, Library Director, Assistant Director, Department Heads and the Bookkeeper. The budget process occurs between January and April and culminates with final approval by the board subsequent to a public hearing, held approximately in May.

Balanced Budget

Each budgeted fund must be balanced. Total anticipated revenues, plus that portion of the fund balance designated as a budget funding source, shall equal total estimated expenditures for each fund.

Financing Current Expenditures

Current expenditures shall be financed with current revenues, which may include the portion of the fund balance available for expenditure. The Library shall avoid budgetary procedures that balance current expenditures through debt incurrence or finance ongoing expenditures with one-time revenues.

Level of Budget Adoption

All budgets shall be adopted at the legal level of budgetary control, which is the functional category within a fund. Expenditures may not exceed the total appropriation

for any function within a fund without the Library Board's approval. All budgets shall be adopted on a basis consistent with Generally Accepted Accounting Principles as promulgated by the Governmental Accounting Standards Board.

Budget Categories

The following categories are used for budgetary preparation and presentation by functional category:

Revenues:

- Property Tax Levy
- State Grants
- Private Contributions
- Miscellaneous Local Revenue
- Investment Earnings
- Miscellaneous
- Rentals
- State Grants Unrestricted
- Bond Proceeds

Expenditures:

- Salaries
- Supplies
- Educational Media
- Building/Grounds
- Benefits – Health
- Benefits – Retirement
- Payroll Taxes
- Insurance
- Operations

- Online Services
- Technology
- Utilities
- Miscellaneous (Other Expenses)
- Programs
- Membership
- Conferences/Travel
- Local History

Budget Preparation

Budgets shall be prepared for each functional area to maintain current service levels. A current services budget funds the same level of service for the upcoming year as currently provided. An expanded services budget includes funding requests for new services and/or additional personnel.

Budgetary Basis

The budget will be prepared using the modified accrual basis of accounting. Revenues are recognized when measurable and available, while expenditures are recognized when measurable, incurred, and payable from current assets.

Budgetary Control and Reports

A system of budgetary controls shall be maintained, consistent with existing financial policies and procedures, including investment, internal controls and purchasing/use of public funds, and all applicable laws shall be maintained to ensure adherence to the budget. Timely monthly financial reports comparing actual revenues, expenditures, and encumbrances with budgeted amounts shall be prepared and presented to the Board. Any over expenditures of the budget will be addressed and budget adjustments or amendments will be made according to the Authorization of Budget Adjustments by the following library board meeting.

Authorization of Budget Adjustments

The budget is a dynamic plan requiring adjustments as circumstances change. Library Board approval is required for increases in total functional area budgets. The Library Director's approval is required for budget transfers within functional categories.

Budget Amendment Process

The Library Board shall in public meeting authorize funding source increases or

decreases and associated changes in the expenditure budget at the legal level of authority, consistent with the Uniform Budgeting and Account Act, 1968 PA2, MCL 141.421 et seq..

Budget Lapses at Year End

All operating budget appropriations expire at the end of a fiscal year. Purchases encumbered in the current year but not received until the following year are paid from the following year's budget. However, the Library Board may make a re-appropriation to resolve unusual situations or hardships caused by this policy.

Unrestricted Fund Balance

The Library shall attempt to establish an unrestricted fund balance to cover unforeseen emergencies, handle revenue shortfalls, and eliminate short-term borrowing for cash flow purposes. This reserve shall aim to represent no more than six months of operating expenditures.

Utilization of Prior Year's Fund Balance in Budget

The unrestricted fund balance may be used as a funding source for that fund's budget. The amount of unrestricted fund balance shall be estimated conservatively.

Maintenance and Replacement of Capital Equipment

Priority shall be given in budget preparation and enactment for adequate maintenance of capital equipment and facilities and their orderly replacement.

Federal and State Grants

The Library Board shall approve all grants and grant applications through board action. All federal and state grants shall adhere to the Library's accounting and budgetary policies. Key financial provisions, including required local matches, shall be included in board actions. Accounting and budgeting information shall include federal/state participation and local participation. Provisions for anticipated grants shall be included in the Library's annual budget.

