



## **Budget Policy**

The annual budget is a fiscal plan which presents the services which will be provided by the library district and the funds required to perform the services. The East Morgan County Library District operates its budget on a calendar year, as required by law. Calendar is available upon request.

Amounts presented in the budget document shall be compared with actual revenues and expenditures for each month and year-to-date during the budget year. The monthly reports will be presented in such a form as to enable the district to maintain control over its financial resources and communicate adherence to the intent of the Library Board of Trustees for the budget year. This process will provide information to monitor the performance of services against the goals of such services.

### **Expenditure Classifications**

Expenditures of the District are designated in categories that set priorities for allocating available funds and are defined as follows:

- Basic or Core Expenses, including those required by law or legally mandated and necessary to create a safe workplace.
  - Staffing at least two people scheduled at all times during operating hours
  - Adequate expenditures for materials
  - Maintenance of physical building and equipment
  - Annual audit
  - Liability, Property, bond and Worker's Compensation Insurance Errors and Omissions Insurance
  - Errors and Omissions Insurance
- Enhanced basic public services ; aiming toward higher levels of success
  - Trained professional staff
  - Continuing education for staff and Board
  - Attendance at professional meetings
  - Programming for adults and children
  - Computerization of library procedures; aiming toward higher technology skills
- Desirable, but not essential expenses
  - Professional memberships
  - Upgrading of physical buildings, parks and equipment

### **Expenditures**

The authorization of a lawful expenditure will be determined according to the priority of such expenditures and availability of funds. The proposed expenditure will be considered upon the basis of (1) need and (2) the alternative available. Expenditures subject to this policy include the following



- Salaries and employee benefits
- Contractual services
- Operating supplies
- Capital improvements
- Books and non-print materials
- Park and facilities maintenance

### **Reserves and General Fund**

- Operating Reserves: the Library District will endeavor to maintain a reserve balance at the end of the year to provide three to six months operating expenditures plus 10% of projected operating revenues for the next year. This balance will provide operating revenue for the next year plus provide a buffer against economic decline or contingencies.
- Designated Funds: within the **General Fund** an account(s) may be established at the discretion of the Library Board and the Director to reflect a specific goal of the district. All amounts designated annually for such a fund are to be deposited along with earnings thereon, in specifically named accounts within the General Fund. The amounts are to be used upon approval by the Library Board for the purpose for which they are reserved.

### **Investments**

The East Morgan County Library District policy regarding the investment of available funds is as follows:

- The Library District analyzes the cash flow within the General Fund on a consistent basis to ensure maximum cash availability
- Market conditions and investment securities will be analyzed to determine the market yield to be obtained
- The Library District invests substantially all of its idle cash on a continuous basis
- The Library District complies with state statutes regarding investments

### **Fund Structure**

- General Fund: The General Fund is the operating fund of the Library District and is used to account for all financial resources. The accounts of the Library District are organized on the basis of a General Fund and an account group, each of which is considered a separate accounting entity. The operations of the General Fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses as appropriate.
- Debt Service Fund: Established to use in the retirement of indebtedness of the Library District if the need occurs.

### **Basis of Accounting**

All governmental fund types of which the General Fund is one, are accounted for using the modified accrual basis of accounting. Under this basis of accounting, revenues are recognized



when susceptible to accrual (i.e. when they become both measurable and available). “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities for the current period. Property taxes are considered measurable in the period levied, but not available until the subsequent year. Expenditures are recorded when the related fund liability is incurred. Those revenues susceptible to accrual are property taxes, intergovernmental grants and interest earnings. Charges for services, fines and donations are not susceptible to accrual because generally they are not measurable until received in cash.

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