

FINANCIAL LIBRARY POLICY

The Kitsap Regional Library System (The Library) endeavors to sustain its financial and budget practices according to sound and accepted financial procedures and policies.

Adopted Operating and Capital Budgets

- a. The Library's Adopted Operations and Capital budgets shall be officially adopted by the Board of Trustees in January of the Fiscal Year. The Operations budget shall consist of expenditure forecasts for all expected operating expenses of the library. The Adopted Operations and Capital budgets shall be the final budget plan and can only be changed by amendment by the Board of Trustees. An amended budget shall be referred to as the Revised Budget.
- b. The Adopted Operations Budget shall include the expected number of personnel required to deliver library services, as well as allocations for operations, maintenance, and the purchase of books and media for the library's collection.
- c. The budget shall state the final property levy rate to be assessed to district patrons and a projection of revenue based on that rate, as well as revenue projections for other sources of revenue.
- d. The Adopted Operations and Capital budgets shall be accompanied by a budget message from the Library Director or his/her designee noting significant budget changes from previous years, stating significant assumptions used to calculate revenue and expenditures and a statement assessing the Library's financial reserves.
- e. The Library shall develop a Capital Budget, which shall include expenditures of all capital projects and expenditures the District plans to make during the year. Capital projects resulting in new maintenance and operating expenses shall be identified in the Library Director's message. The Library shall not undertake new capital projects unless financial resources are reasonably secured to pay for them. Resulting new maintenance and operating costs from new facilities or new systems shall be allocated in the operating budget. For multi-year projects where such costs are delayed, the Library shall identify future operating costs and secure financial resources or financing prior to entering into contracts or commitments to undertake such projects.

A Sustainable and Balanced Budget

The Adopted Operating Budget presented to the Board of Trustees shall be balanced, with revenue equaling or exceeding expenditures. As a policy, the Library will make every effort to stay within its projected resources. Not only shall the Library seek to maintain a balanced budget, it also endeavors to maintain long-term budget sustainability based on projected expenditure commitments and compensation practices that are consistent with long-term revenue projections.

Financial Emergency

In the case of a financial emergency, the library shall make necessary reductions to personnel, service and materials to stay within projected resources. Only as a last resort and only if further reductions would cause irreparable harm to the library's operating infrastructure shall the library borrow funds in which case the Library shall seek to repay debt as soon as practical.

Reserves

To the extent possible, the Library shall strive to hold at the beginning of the fiscal year financial reserves of between 10% and 15% of the total operating budget for purposes of accommodating cash flow fluctuations, emergencies or other uses as deemed appropriate by the Board of Trustees. Other reserves may be identified for specific purposes.

Reporting

The Library will make its financial position known to the Board of Trustees with periodic reports throughout the fiscal year. These reports will compare expenditures and revenues with projections, as well report on the status of cash flow.

Budget Process

The Library Director shall provide a preliminary Operating and Capital budgets for review by the public and Board of Trustees in the quarter proceeding the fiscal year.

Banking Relationships

The Library shall strive to secure commercial banking services within the Library District providing that these services are competitively priced and meet the Library's business and financial specifications.