

Dolores Public Library Board of Trustees

Budget Policy

Rationale

The annual budget is the formal financial plan for the District. It is required to be filed with the Commissioners of Montezuma County and the Colorado Department of Local Affairs (DOLA). This policy is **formally** acknowledging all the reporting requirements and advocating a process which insures that the budget is reasonable and based on a careful detailed analysis of anticipated revenues, necessary expenditures, and maintenance of an appropriate fund balance.

Scope

The annual budget expresses the Library's missions, priorities, goals, and objectives and translates this framework into financial terms. The budget also serves as a communication device to provide transparent information to the patrons, citizens, the State, future grantees, and donors on behalf of the District. The budget earmarks resources for programs and services and ensures careful planning for contingencies. It also aids in setting goals and measuring outcomes. The fiscal year for the District is January 1 through December 31, per bylaws.

Legislative Requirements

Colorado local governments are required to prepare, adopt, and file a budget annually with DOLA, which is the principal department of the Colorado state government responsible for local governments. The Colorado DOLA website provides information, reports, and links for budget dates, resources, electronic submission information, and sample forms (<https://cdola.colorado.gov/budget-information-and-resources>). Colorado DOLA prepares a local government budget calendar each year. The calendar lists the deadlines for the budget, audit, and property tax certification processes. The budget calendar should be verified yearly to ensure the correct dates. A checklist of the local government budget format and content requirements is also available on the website. The calendar and checklist help ensure a budget is compliant with the deadlines and with the format and content requirements of the Local Government Budget Law. The budget, by law, must contain a written budget message, detail of expenditures and revenues, estimated beginning and ending fund balances, three years of comparable data, use no deficit spending, include a lease-purchase agreement supplemental schedule if required, and resolutions or ordinances adopting the budget and certifying the mill levy (§29-1-101, et seq., C.R.S.).

Budget Process

The development, presentation, and administration of the annual budget are the responsibility of the Director and the Finance Committee. The budget is developed annually as a cooperative process between the Board, the Director, and Library staff. The budget requires careful consideration of revenues projected and the expenditures related to the strategic plan. The District's initial Certification of Valuation from the Montezuma County Assessor's office should be received by August 25.

The budget process can then begin in September using the following items:

- Profit and loss statements and balance sheets through August of the current year;
- Transaction account detail and other financial reports for the current year;
- audit(s) or the audit exemption of the previous year;
- Budgets from previous year(s);
- and a copy of the District's strategic plan.

The proposed budget must reflect three (3) years of comparable financial data. These are the actual (audited) figures from the previous year; actual year-to-date and estimated figures for the current year; and proposed figures for the upcoming year. Information on taxes and other sources of revenue including grants and donations are included, as is expenditures for payroll and benefits, maintenance, services and programs, and other operating expenses. The strategic plan will also dictate any new increases or decreases to a proposed budget.

The basic budget summary will be broken down into five major categories including: revenue, operating expenditures, treasurer's fees, capital outlay, and reserves. Revenue includes local tax revenues, donations, grants, interest, and misc. fee revenue. Operating expenditures are all expenses related to operations of the Library. Capital outlay contains line items for 1) books and materials; 2) digital and electronic materials; 3) equipment; 4) other projects; and 5) fixed assets and equipment costing more than \$5,000 per item. Treasurer's fees are the fees charged by the Montezuma County Treasurer's Office for funds received from the mill levy and taxes and then distributed to the District. These fees are classified by county and are set by §30-1-102 C.R.S. The District currently falls under the third-class certification. Reserved funds include the fund balance and the reserved amount required Amendment 1 also known as the Taxpayers Bill of Rights amendment (TABOR).

In addition, the budget will contain line item details within each of the major categories. These line items correlate to the transaction accounts used in the accounting program (QuickBooks). With this line item breakdown, each transaction account is evaluated during the budget process. This insures that any issues with the budget during the year will be apparent by specific revenue or spending account.

The Director must present the first draft of the budget to the Board by no later than October 15 per the DOLA calendar. The Board will publish the Notice of Proposed Budget twice through the local newspaper upon receiving the proposed budget. The Proof of Publication verification is included as part of the budget documents. The proposed budget is reviewed and may be adjusted two additional times; first by the Board at the November meeting, and second, after receipt of the final Certification of Valuation for the District issued by the Montezuma County's Assessors office by Dec. 10.

The proposed budget must be available for public viewing after the Notice of Proposed Budget is published. The public has the opportunity to comment during the November Board meeting and at the public meeting conducted prior to final approval in December. The final public meeting is typically held before the regular December meeting.

At the public meeting in December, the Board must, in the following order, 1) adopt the budget; 2) appropriate sums of money and resources for expenditure; and 3) set and certify the mill levy assessment, **each through a formal resolution**. The final Certification of Tax Levies and all final budget documents must be presented in person to the Montezuma County Commissioners by December 15. A certified copy of the budget must be e-filed to the DOLA by January 31 (29-1-113(1), C.R.S.). The file should also include all resolutions and be contained within a single combined PDF file. The system will confirm submission, accept or reject the submission, and allow for the immediate publication of the document online.

Information on the process of amending the budget is available online from Colorado DOLA. Local governments must follow statutory procedures to authorize any spending in excess of the “appropriation” or spending authority of the budget. The Board must approve any subsequent increase to the total allocated expenditures by resolution as soon as practical after calculating that expenditures will exceed budget appropriation. Budget amendments must be e-filed as well.

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