

Budgeting and Finance for Library Trustees



New Hampshire Library Trustees Association
July 2024



Introductions

Brittany Durgin, Director

Moultonborough Public Library

director@moultonboroughlibrary.org

603-476-8895

Adam Shlager, Director

Weeks Public Library in Greenland, NH

director@weekspubliclibrary.org

603-436-8548

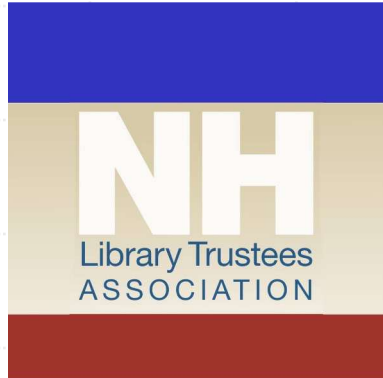
Today's Talk

- Communicating with Stakeholders
- Determining need: Communication with staff, trustees and friends
- Creating a timeline for budget season
- Building a budget and chart of accounts

Lunch

- Capital Improvement Plans
- Memorandum of Understanding agreements
- Grant Funding

Additional Budget Information



New Hampshire RSAs related to libraries, budgeting, and finances:

<https://nhlta.org/Pages/Index/228053/rsas-nh-laws>

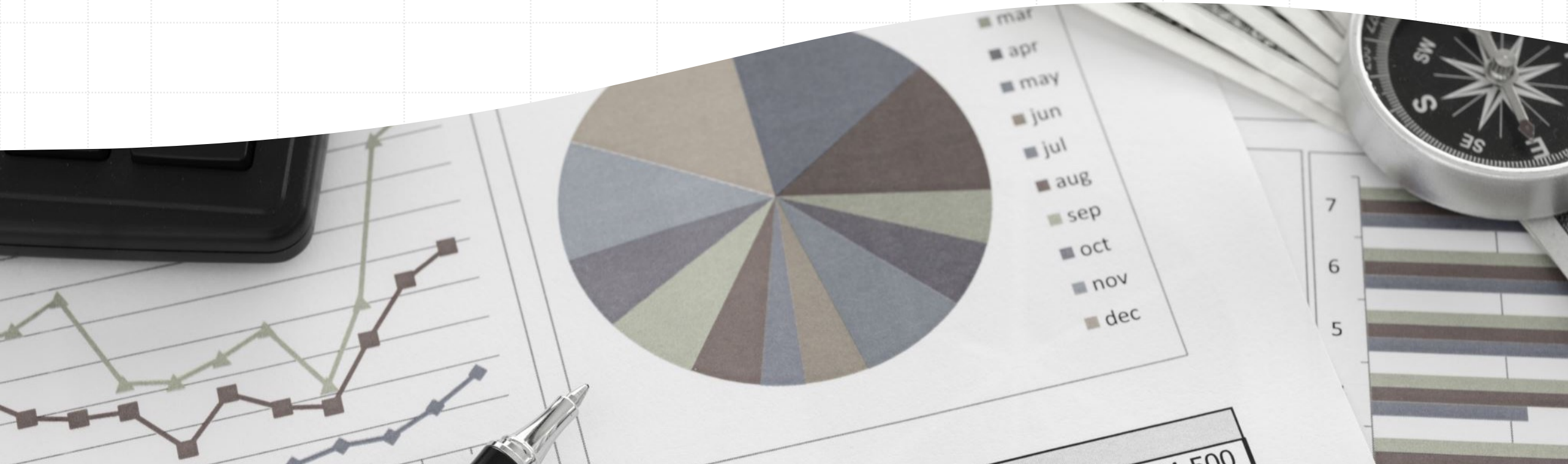


Free legal hotline for municipalities (with membership):

<https://www.nhmunicipal.org/legal-services>

Budgeting Basics

OR: What to do when $2+2 = 3$
(& other advanced math)



Net Cash Flow = Operating Cash Flow + Cash Flow from Financial Activities (Net) + Cash Flow from Investing Activities (Net)

Potential Concerns/Questions:

- ☐ I have no training in Finance
- ☐ Budgets are complex/difficult
 - ☐ Numbers are hard
- ☐ We're volunteers! How can we know this stuff?
- ☐ I'm not very good with Excel
- ☐ So many RSA's
- ☐ How do I set priorities?

New Hampshire Statutes CHAPTER 202-A: PUBLIC LIBRARIES

$$(1+x)^n = 1 + \frac{nx}{1!} + \frac{n(n-1)x^2}{2!} + \dots$$

$$FV = PV + I + I + I + \dots$$
$$= \text{ROUND}(\text{IF}(G19=0, \text{IF}(F19=0, 0, 1), F19/G19), 5)$$

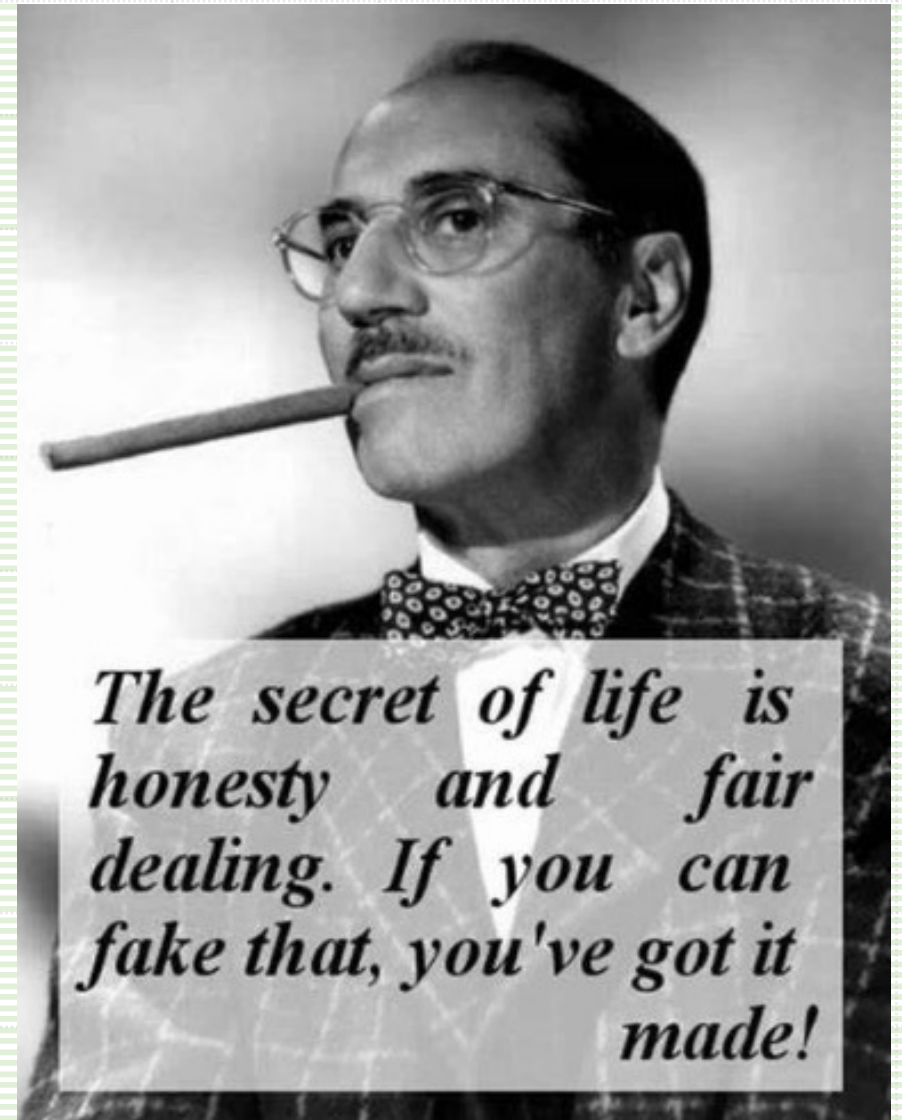


Maybe Not so Obvious but...

Budgeting is as much a political process as it is a set of financial calculations



That doesn't mean
you need to
become a
politician!



Libraries, Politics, and Communication

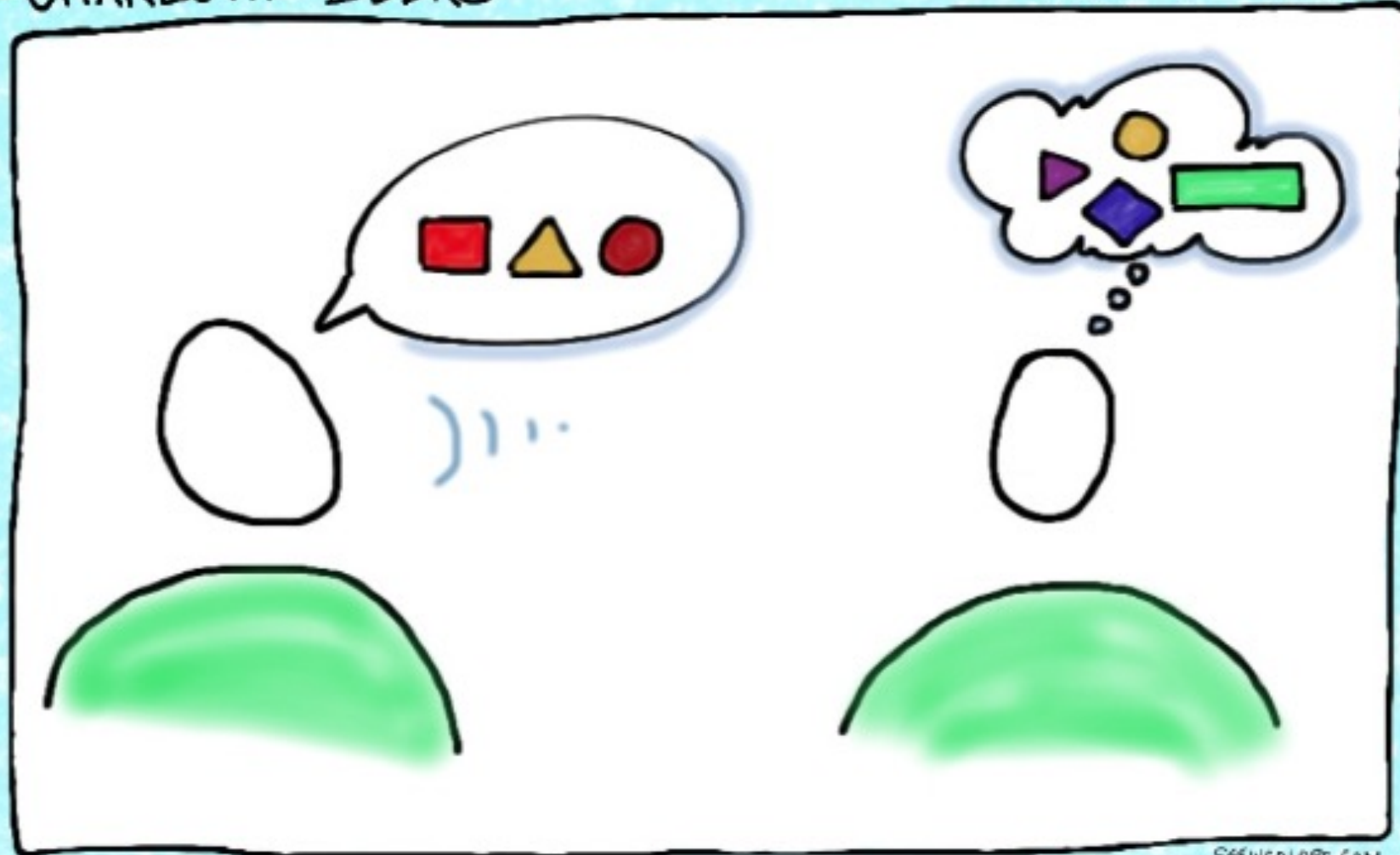


The background of the slide features a dark, abstract scene. In the center, there is a large, irregularly shaped area composed of various colored puzzle pieces in shades of blue, red, orange, purple, and green. Three silhouetted figures of business professionals are walking across this puzzle floor. On the left, a man in a suit and green tie walks towards the right. In the center, a woman in a business dress walks towards the right. On the right, a man in a suit and red tie walks towards the left. The overall composition suggests a complex, interconnected business environment.

**What
does Communication
have to do with Budgeting?**

• CHARLOTTE BEERS •

#MASSWOMEN 12-6-12



IT'S NOT WHAT YOU SAY,
IT'S WHAT THEY HEAR.

SEEINCOLORS.COM



Determining need: Communication with staff, trustees and friends



Staff Input

Reflect on current fiscal year

- Were we able to provide the services needed?
- Did we overspend in areas?

Look ahead to next fiscal year

- Are there services we plan to discontinue or implement?
- Are changing community needs reflected in our budget?
- Are there one-time projects or grants that require additional funding?



Friends of the Library Commitment


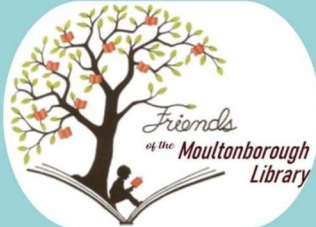

Where do goals align?

- Outreach
- Youth Programs
- Beautification projects

What have they funded in the past?

Are there new opportunities?

FRIENDS OF THE LIBRARY



Over \$14,000!

| YOUTH PROGRAMS | |
|----------------------|---------|
| Summer Reading | \$300 |
| One Book, One Child | \$1,786 |
| Easter Egg Hunt | \$350 |
| Juggling Show | \$450 |
| Wildlife Encounters | \$450 |
| Children's Furniture | \$475 |

| ADULT PROGRAMS | |
|----------------------|---------|
| Museum Passes | \$2,400 |
| Mahjongg Cards | \$120 |
| Soothing Herbs Class | \$375 |
| Ruth Bader Ginsburg | \$450 |
| Adult Craft Classes | \$1,200 |
| Adult Speakers | \$1,500 |

2023 DONATIONS

The Friends also contribute in many other ways:

- Book Talk
- Soup-n-Sweets
- Chocolate Fare
- Holiday Open House
- Book & Author Luncheon
- House Tour
- Mary Rice Award

Thank You, Friends!

Trustees Goals and Priorities

Considerations:

- Strategic Plan Goals/Technology Plan
- Community feedback
- Local government priorities

Determine funding sources:

- Review expenditures by line and funding source
- Adjust as needed



Timelines

Trustees Annual Calendar

- Include budget planning discussions
- Deadlines for budget and warrant requests
- Important meeting dates

JANUARY

- Board of Trustees filing dates
- Budget meeting with Selectmen and ABC

FEBRUARY

- Budget deliberative session
- Begin review of Library/Personnel Policies
- Review Bylaws
- Town Report due at Town Hall

MARCH

- Continue review of library policies
- Review present and future staffing needs
- Candidates Night
- Library Director's Town Report due

APRIL

- Budget Public Hearing
- Continue review of library policies
- Review museum pass usage

MAY

- Warrant Articles – Town Meeting
- Salary adjustment discussion

JUNE

- Book sale set-up and preparation
- Review of Director and Staff performance reviews
- Elect Board officers
- Nominate potential Alternate Trustees
- Photo- Board members for website
- NHLTA Spring Conference

JULY

- Book Sale
- No trustee meeting

AUGUST

- Review and prepare possible CIPC items
- Technology update
- Update Capital Improvement plan

SEPTEMBER

- CIPC documentation due for board discussion/warrant request
- Review Holiday Calendar

OCTOBER

- CIPC Presentation
- Review non-resident card policy
- Review Town Administrator's Budget Guidelines/dates
- First review of proposed budget
- Comparative salary statistics for ABC
- Plan staff appreciation brunch/gifts

NOVEMBER

- Santa Fund
- Discuss and review ROLLOVER FOR CD FUNDS coming due in December
- Final Budget and warrant articles due
- Trustee candidate update
- Final preparation for staff appreciation brunch/gifts

DECEMBER

- Final Budget to town hall
- Staff-Trustee Holiday Brunch

Timelines

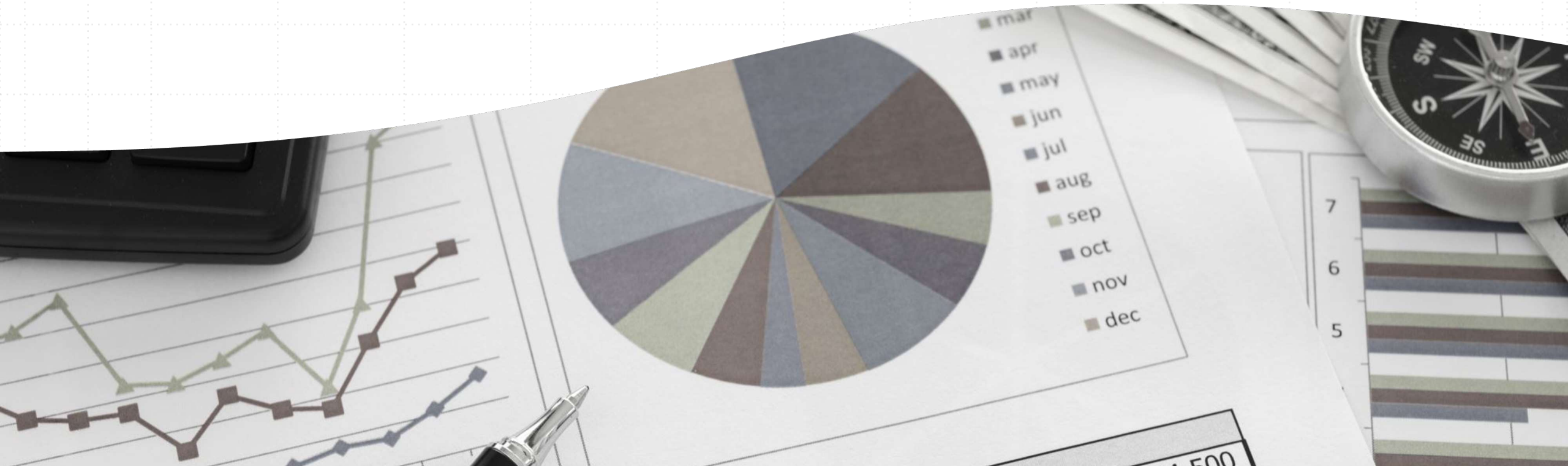
Director Budget Planning Calendar

- Discussions with staff, Friends of the Library, and trustees
- Confirmation of pricing from vendors
- Schedule attendance for meetings and public hearings
- Deadlines for:
 - Budget proposal
 - Warrant articles
 - CIP update



Budgeting Basics

OR: What to do when $2+2 = 3$
(& other advanced math)



Net Cash Flow = Operating Cash Flow + Cash Flow from Financial Activities (Net) + Cash Flow from Investing Activities (Net)

Potential Concerns/Questions:

- ☐ I have no training in Finance
- ☐ Budgets are complex/difficult
 - ☐ Numbers are hard
- ☐ We're volunteers! How can we know this stuff?
- ☐ I'm not very good with Excel
- ☐ So many RSA's
- ☐ How do I set priorities?

New Hampshire Statutes CHAPTER 202-A: PUBLIC
LIBRARIES

=ROUND(IF(G19=0, IF(F19=0, 0, 1),
F19/G19),5)





Budget

[ˈbə-ʃət]

An estimation of revenue and expenses over a specified future period of time that is re-evaluated on a periodic basis.

Quick and Dirty Budget Elements

- ❖ Recognize that labor will likely be 75%-82% of your budget
- ❖ Consider your Library's strategy
- ❖ Do you have contractual or maintenance obligations?



$$FV = PV \times (1 + i)^n$$

How do you determine how much money to ask for?
How do you come to those numbers?
Have you factored in contracts, CPI, Inflation?

These questions may be useful in helping folks down the problem-solving path:

How do you develop parameters (High/Low) numbers?
What are extensions and how do they help with this?

Where to Start?

It should all start with a Chart of Accounts

A chart of accounts is a list of financial accounts and reference numbers, grouped into categories

| Account Name | Type | Detail Type |
|---|-------------|-------------------|
| Income: Appropriation | Income | |
| Income: Other | Income | |
| Interest: Checking Account | Interest | |
| Interest: Other | Interest | |
| Personnel Expenses: Salaries & Wages | Expenditure | Personnel Expense |
| Personnel Expenses: Social Security | Expenditure | Personnel Expense |
| Personnel Expenses: Medicare | Expenditure | Personnel Expense |
| Personnel Expenses: Benefits | Expenditure | Personnel Expense |
| Personnel Expenses: NH Retirement | Expenditure | Personnel Expense |
| Personnel Expenses: Other | Expenditure | Personnel Expense |
| Personnel Expenses: Payroll Expenses | Expenditure | Personnel Expense |
| Personnel Expenses: Background Checks | Expenditure | Personnel Expense |
| Personnel Expenses: Miscellaneous - Other | Expenditure | Personnel Expense |

The Chart of Accounts

A chart of accounts is a list of financial accounts and reference numbers, grouped into categories

Your COA should only be as granular as your NEEDS –

Primary headings include:

Revenue

Expenses

Labor

Labor Associated Costs

Contracted Expenses

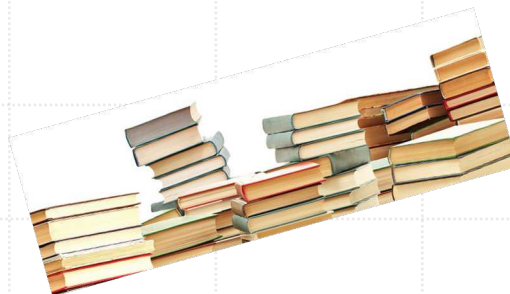
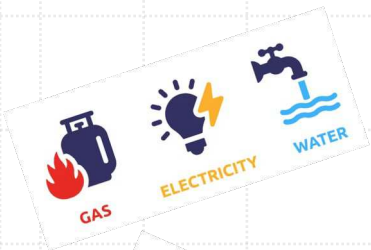
Materials

Programming

Utilities

Maintenance

Supplies



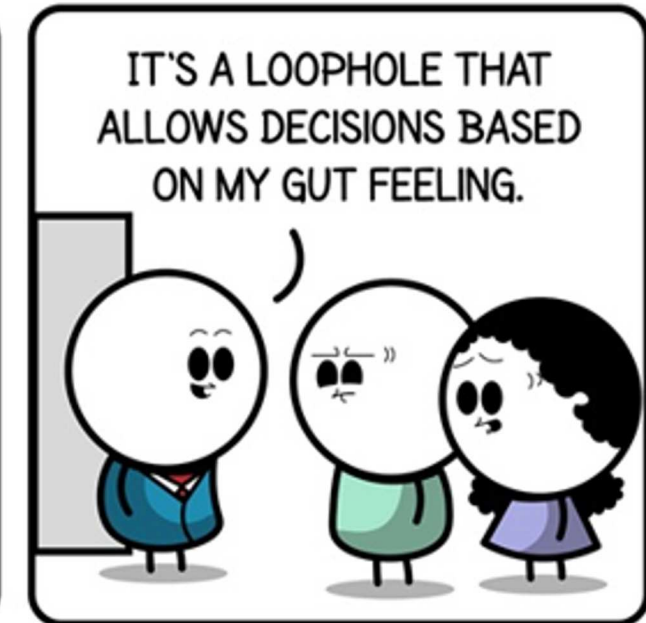
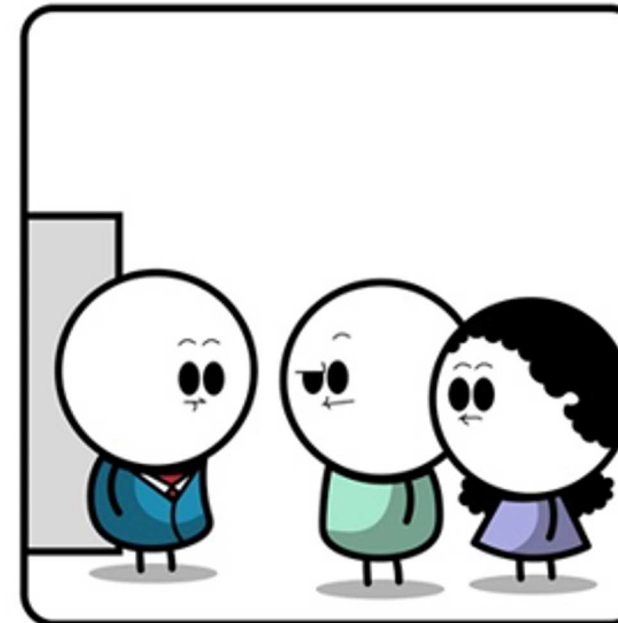
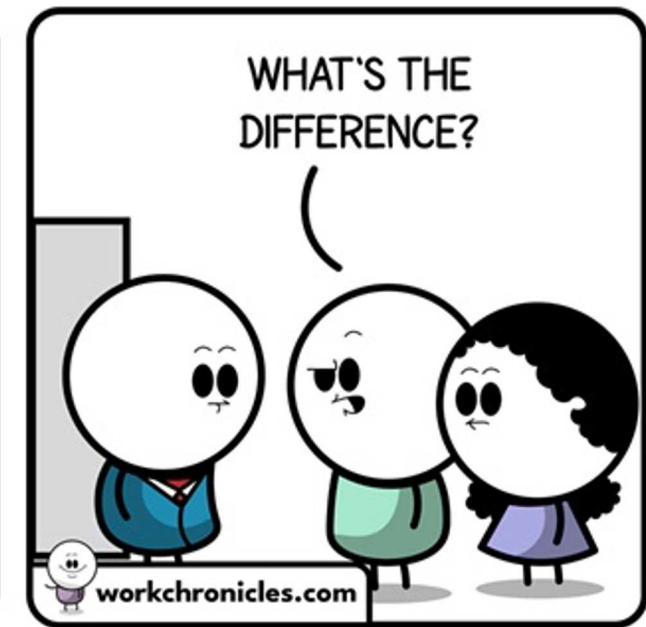
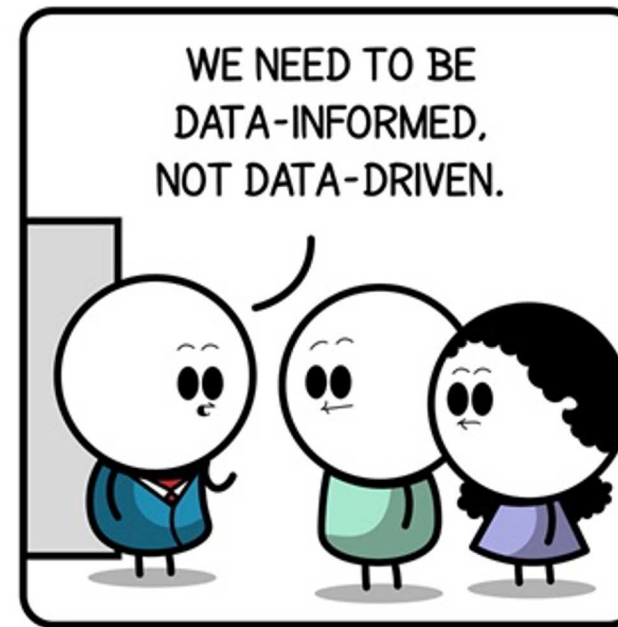
How do we define NEEDS?

We start with DATA

Turn it into INFORMATION

And make DECISIONS

BASED ON THE DATA



The Chart of Accounts

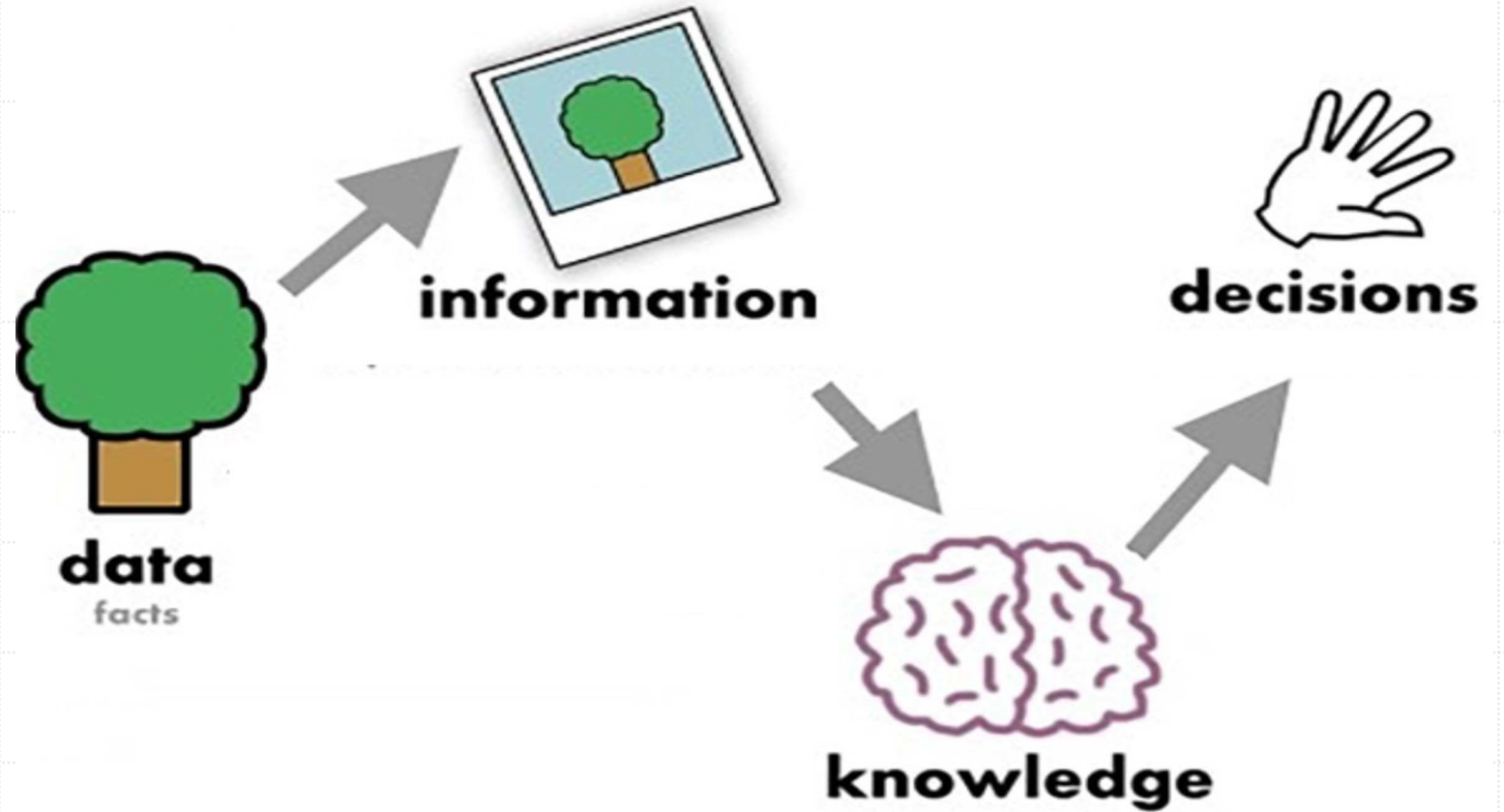
A chart of accounts is a list of financial accounts and reference numbers, grouped into categories

How do I know if I NEED an Account in the COA for a category of Expense?

Seth Godin:
“Data is not useful
until it becomes
information.”

What do you want
information
about?

WHY?



The Chart of Accounts

A chart of accounts is a list of financial accounts and reference numbers, grouped into categories

Rough Guide:

Fewer than 20 categories in the COA

- May not give you enough detail

More than 60 categories in the COA

- Might be too much detail

| |
|---|
| Utilities/Facilities: Electricity |
| Utilities/Facilities: Gas (Heat) |
| Utilities/Facilities: Telephone/Internet |
| Utilities/Facilities: Water |
| Utilities/Facilities: Security |
| Utilities/Facilities: Equipment/Furniture |
| Utilities/Facilities: Repairs and Maintenance |

| |
|--|
| Contracted Services: Custodial |
| Contracted Services: Landscaping/Grounds |
| Contracted Services: Website Hosting |
| Contracted Services: Insurance/WC |
| Contracted Services: Bookkeeping |
| Contracted Services: Other |

The COA allows you to respond to:

- The Select Board
- The Budget Committee
- Yourselfs!
- Auditors
- Staff

Interlude

... Let's create a Chart of Accounts

Collections

Books

Adult

Fiction

Mystery

SciFi/Fantasy

Non-Fic

Biography

T/ween

Fiction

Graphics

Non-Fiction

Children

Board Books

Early Readers

J Fic

Other

Digital

Books on

CD

DVDs

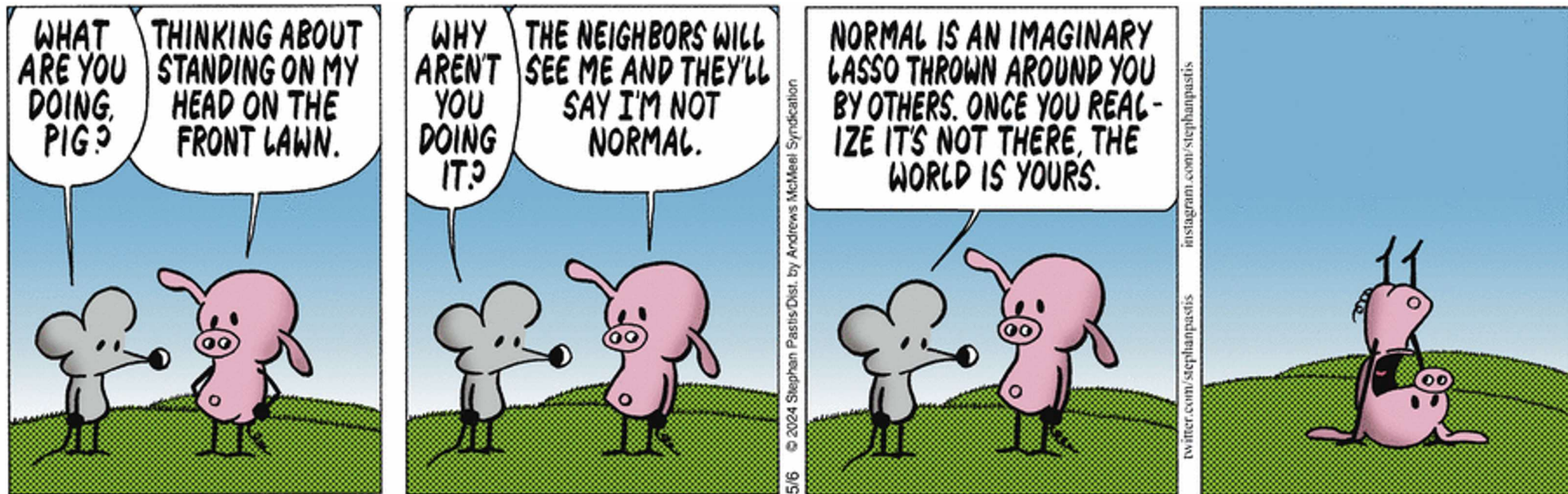
ECollections

NHDB

Hoopla

Kanopy

Don't let yourself get boxed in!



Auditors and You



Auditor

[ˈɒ-də-tər]

A person authorized to review and verify the accuracy of financial records and ensure that companies comply with tax laws.

While meeting the needs of your community, Select Board, and Budget Committee is important, always bear in mind that you must meet the needs of the State Auditors contracted by your city/town and be able to support all the financial transactions that have occurred over the course of the fiscal year.

This has less to do with budgeting and much more to do with good record keeping. That said, a good Chart of Accounts will lend itself to ease of record keeping and support of transactions in Accounts Receivable and Accounts Payable.

Let's take a break again and talk about RSAs

What are RSAs (Revised States Annotated)?

The New Hampshire Revised Statutes Annotated forms the codified law of the state subordinate to the New Hampshire State Constitution.

How do these apply to Libraries?

The main body of New Hampshire law relating to Public Libraries is contained in RSA 202-A.

So where were we? (Hint: the Chart of Accounts)

How to turn your Chart of Accounts into a Budget template:

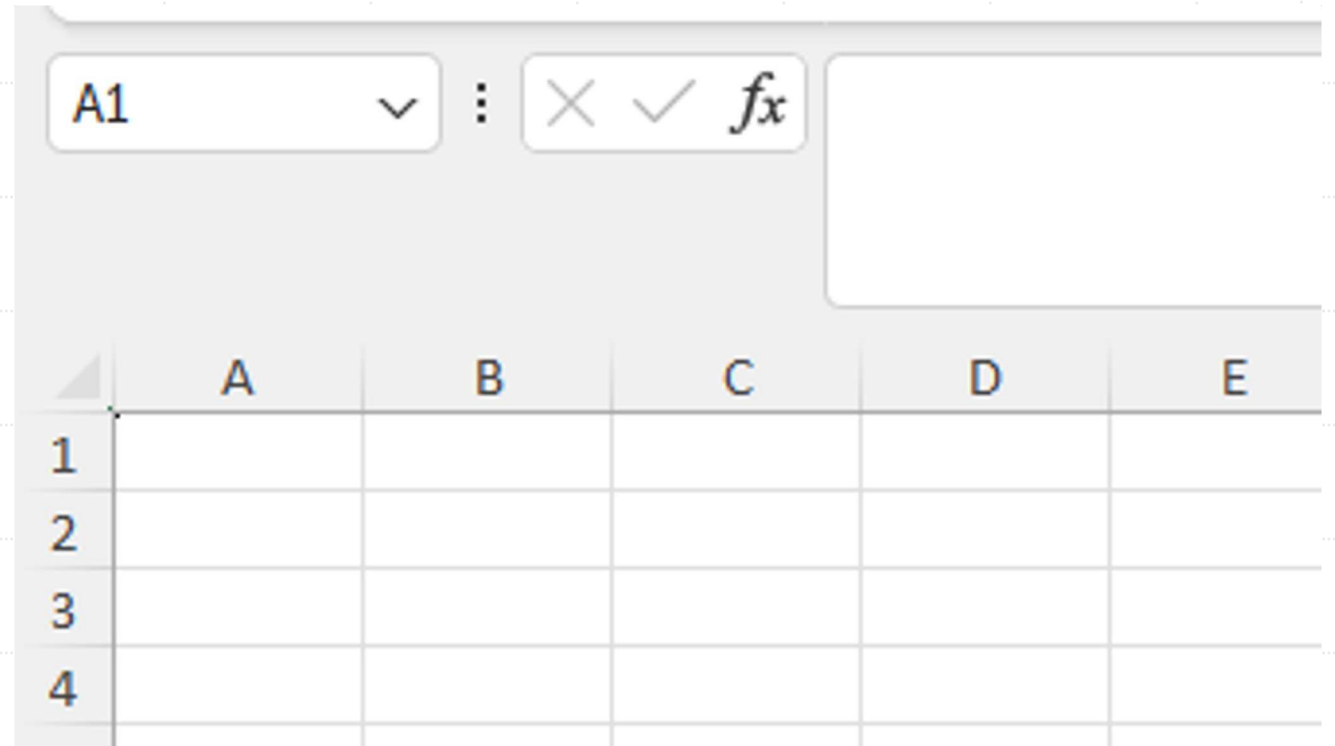
When you have determined what accounts you will include in your COA, you'll input them into Excel. It might look similar to this:

| | | |
|---------------------|--------------------------|----------------------------|
| Income | | |
| | Appropriation | |
| | Other Income | |
| | Other (Interest) | |
| Total Income | | |
| Expense | | |
| | Personnel Expenses | |
| | | Salaries & Wages |
| | | Social Security |
| | | Benefits |
| | | NH Retirement |
| | | Personnel Expenses - Other |
| | | Payroll Expenses |
| | Total Personnel Expenses | |
| | Materials | |
| | | Materials - Other |
| | | Books |
| | | Magazines/Newspapers |
| | | NHDB |

Ok, so you have a Chart of Accounts.
What's next?

Woohoo!!

It's time to talk about Excel!



Ok, so you have a Chart of Accounts. What's next?

It's time to build a framework!
You'll need an Excel Workbook
With at least 2 worksheets

Sheet 1 equals your budget calculations

Sheet 2 equals your compensation
calculations

It will look something like this:

| | | | | Jan 1 - Aug 18, 2023 | Budget | \$ Over Budget | % of Budget |
|-------------------------|--------------------------|----------------------------|--|----------------------|------------|----------------|-------------|
| Ordinary Income/Expense | | | | | | | |
| | Income | | | | | | |
| | | Appropriation | | 243,132.00 | 421,700.00 | -178,568.00 | 57.66% |
| | | Other Income | | | | | |
| | | Checking Account Interest | | | | | |
| | | Other (Interest) | | | | | |
| | Total Income | | | 243,132.00 | 421,700.00 | -178,568.00 | 57.66% |
| Expense | | | | | | | |
| | Personnel Expenses | | | | | | |
| | | Salaries & Wages | | 110,292.67 | 226,540.00 | -116,247.33 | 48.69% |
| | | Social Security | | 7,890.49 | 17,570.00 | -9,679.51 | 44.91% |
| | | Benefits | | 14,827.85 | 65,222.00 | -50,394.15 | 22.73% |
| | | NH Retirement | | 5,940.56 | 14,480.00 | -8,539.44 | 41.03% |
| | | Personnel Expenses - Other | | | | 0.00 | 0.0% |
| | | Payroll Expenses | | 1,196.64 | 1,580.00 | -383.36 | 75.74% |
| | Total Personnel Expenses | | | 140,148.21 | 325,392.00 | -185,243.79 | 43.07% |
| | Materials | | | | | | |
| | | Materials - Other | | | | 0.00 | 0.0% |
| | | Books | | 11,724.64 | 18,440.00 | -6,715.36 | 63.58% |
| | | Magazines/Newspapers | | 1,119.98 | 1,800.00 | -680.02 | 62.22% |
| | | NHDB | | | | | |

What's up with all those numbers?

| | | | | Jan 1 - Aug 18, 2023 | Budget | \$ Over Budget | % of Budget |
|-------------------------|--------------------------|----------------------------|--|----------------------|------------|----------------|-------------|
| Ordinary Income/Expense | | | | | | | |
| | Income | | | | | | |
| | | Appropriation | | 243,132.00 | 421,700.00 | -178,568.00 | 57.66% |
| | | Other Income | | | | | |
| | | Checking Account Interest | | | | | |
| | | Other (Interest) | | | | | |
| | Total Income | | | 243,132.00 | 421,700.00 | -178,568.00 | 57.66% |
| Expense | | | | | | | |
| | Personnel Expenses | | | | | | |
| | | Salaries & Wages | | 110,292.67 | 226,540.00 | -116,247.33 | 48.69% |
| | | Social Security | | 7,890.49 | 17,570.00 | -9,679.51 | 44.91% |
| | | Benefits | | 14,827.85 | 65,222.00 | -50,394.15 | 22.73% |
| | | NH Retirement | | 5,940.56 | 14,480.00 | -8,539.44 | 41.03% |
| | | Personnel Expenses - Other | | | | 0.00 | 0.0% |
| | | Payroll Expenses | | 1,196.64 | 1,580.00 | -383.36 | 75.74% |
| | Total Personnel Expenses | | | 140,148.21 | 325,392.00 | -185,243.79 | 43.07% |
| | Materials | | | | | | |
| | | Materials - Other | | | | 0.00 | 0.0% |
| | | Books | | 11,724.64 | 18,440.00 | -6,715.36 | 63.58% |
| | | Magazines/Newspapers | | 1,119.98 | 1,800.00 | -680.02 | 62.22% |
| | | NHDB | | | | | |

Even More Numbers!?

| | | Jan 1 - Aug 18, 2023 | Budget | \$ Over Budget | % of Budget | Projected @ 12.31.2023 | 2024 Budget | |
|-----------------------------|-----------------------------------|-------------------------|------------|----------------|-------------|---------------------------|-------------|---------------------------------|
| Personnel Expenses | | | | | | | | |
| | | | | | | | | Includes all wages - Please see |
| | Salaries & Wages | 110,292.67 | 226,540.00 | -116,247.33 | 48.69% | 163,863.40 | 232,571.70 | comp worksheet for detail |
| | Social Security | 7,890.49 | 17,570.00 | -9,679.51 | 44.91% | 11,723.01 | 14,419.45 | 1.45% of total |
| | Medicare | | | 0.00 | 0.0% | 0.00 | 3,372.29 | .62% of total |
| | Workers Compensation | | | 0.00 | 0.0% | 0.00 | 0.00 | |
| | NH SUI | | | 0.00 | 0.0% | 0.00 | 0.00 | |
| | Benefits | 14,827.85 | 65,222.00 | -50,394.15 | 22.73% | 22,029.95 | 32,000.00 | Healthcare, Life, STD, LTD |
| | NH Retirement | 5,940.56 | 14,480.00 | -8,539.44 | 41.03% | 8,825.97 | 19,114.16 | NHRS - rates set by NHRS |
| | Personnel Expenses - Other | | | 0.00 | 0.0% | 0.00 | 0.00 | |
| | Payroll Expenses | 1,196.64 | 1,580.00 | -383.36 | 75.74% | 1,777.87 | 2,000.00 | ADP, Bank Fees (ACH) |
| Utilities/Facilities | | | | | | | | |
| | Electricity | 21,178.62 | 27,000.00 | -5,821.38 | 78.44% | | 27,000.00 | |
| | Gas (Heat) | 631.95 | 1,200.00 | -568.05 | 52.66% | | 1,200.00 | |
| | | | | | | | | Telephone, Internet |
| | Telephone/Internet | 2,827.75 | 4,118.00 | -1,290.25 | 68.67% | 4,201.23 | 4,200.00 | connection, static IP |
| | Water | 560.91 | 1,000.00 | -439.09 | 56.09% | | 1,000.00 | |
| | Security | | | 0.00 | 0.0% | 0.00 | 1,000.00 | |



No More Numbers!



Questions?

Capital Improvement Plans

“The best planning tool you aren’t using”

-New Hampshire Municipal Association

Purpose: Plan for large purchases

Benefits:

- Identify and make known future expenses
- Reduce likelihood for tax spikes
- Prevent emergency replacements
- Prepare for grant opportunities



Peterborough Town
Library



Madbury Public Library



Gilman Library, Alton



Keene Public Library



Wolfeboro Public
Library

Planning for a CIP

How will a plan fit into operations?

- Discussion among library board and director
- Discussion with Town Planner and/or Town CIP Committee

Identify:

- Current inventory requiring future replacements
- Future needs
- Library/Town priorities



Funding for a CIP

- Create reserve fund by warrant article
- Fund it annually by warrant article

Example: Library Capital Reserve

To see if the Town will vote to raise and appropriate the sum of Thirty-Five Thousand Dollars (\$35,000) to be placed in the Library Building Repairs and Maintenance Capital Reserve Fund.



Maintaining a CIP

- Meet with vendors/DPW to determine projected life expectancies
- Determine annual request requirements
- Review plan annually
- Share plan with CIP Committee as part of budget process

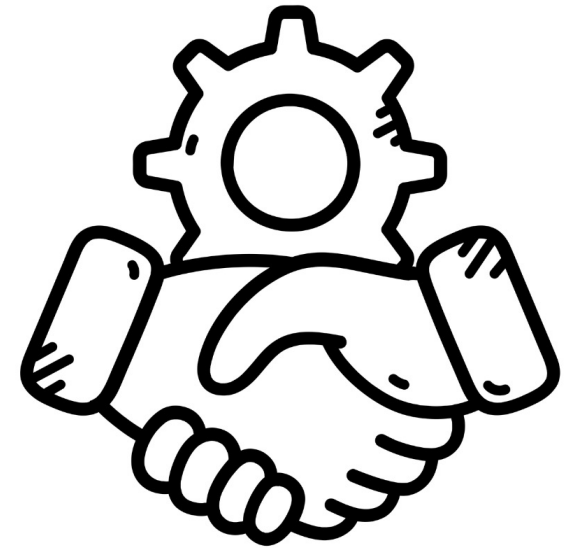


Memorandum of Understanding

Do I need one?

Benefits:

- Clarifies who is financially responsible for library property and maintenance
- Clarifies scope of work provided by the town for the library property
- Outlines trustees' authority and responsibilities
- Useful during budgeting process
- Promotes consistency during transition periods



SERVICES COVERED:

The Town agrees that it will provide the following maintenance services to the Library to the extent these items can be paid for through available funds or performed by staff time within existing staffing levels:

- 1) Heating and cooling system minor repairs
- 2) Plumbing repairs
- 3) Exterior building upkeep, including siding repair, overhangs, oil fill valves, roofing, windows, and painting
- 4) Exterminator services for the building
- 5) Interior spot painting when needed
- 6) Electrical issues
- 7) Replacement of full lighting fixtures and light bulb replacement as needed
- 8) Minor repair of doors
- 9) Landscaping of grounds (excluding gardens), snow removal including walkways, adjacent parking lot, and if necessary, in the judgment of the Public Works Department Director, the roof
- 10) Tree removal
- 11) Trash and recycling removal

The Library agrees that it is responsible for the following maintenance of the Library building and all associated costs:

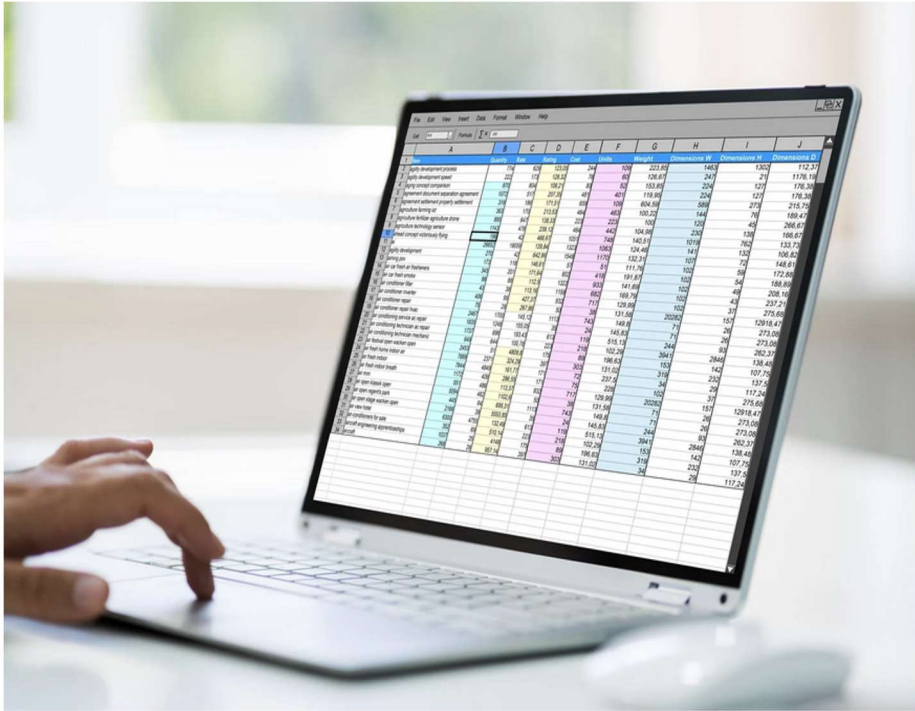
- 1) Interior cleaning and purchasing of supplies needed
- 2) Moving or adding electrical outlets
- 3) All wiring needed to run library technology
- 4) Installing interior carpeting and other flooring
- 5) Large-scale interior painting projects
- 6) Garden maintenance, irrigation, and planting
- 7) Exterior cleaning, including power washing and window washing

MOU How-To

- Determine what is needed from an MOU
- Discuss the opportunity with Town officials and boards
- Review MOU templates (available on [NHLTA website](#))
- Draft MOU
- Both Library and Town Boards vote to adopt agreement



Grant Funding



When to apply:

- What are needs/priorities
- Do missions align?

Tracking:

- Determine which account to accept and expend funds from
- Document transactions in monthly and annual financial reports
- Director and Trustee Treasurer work closely to meet deadlines and reporting requirements



Questions?

Contact Us

BRITTANY DURGIN



603-476-8895



director@moultonboroughlibrary.org



Moultonborough Public Library

ADAM SHLAGER



603-436-8548



director@weekspubliclibrary.org



Weeks Public Library