

Funding Sources and Expenditure (Uses) Guidelines

Public/Taxpayer Money:

- **Town Appropriation** - Money raised by taxpayers to fund the operations of the library. This is determined by preparing the annual budget based on what support and maintenance will be required to operate the library. This is approved by the library trustees and presented to the Board of Selectmen and the Advisory Budget Committee. It is a separate warrant article and voted on at town meeting in May. This is held in a separate checking account.

Uses: as noted, the annual Town Appropriation funds all routine operations of the library.

- **Capital Reserve Fund** - Money raised by taxpayers to fund capital projects of the library, via a separate warrant article and voted on at town meeting in May. The library trustees are the fiscal agent for this fund.

Uses: large capital projects necessary to sustain the operations of the library, e.g., roof replacement, HVAC upgrades, structural improvements, etc.

- **Town Library Trust Funds** - Library Trust Funds are held by the town and managed by the Trustees of the Trust Fund. This is considered public money because it must be voted on to accept these funds for the maintenance and operation of the town (or library); and any other public purpose. This public vote allows the town or library to accept private donations, gifts and legacies in the form of a trust (if desired by the donor and accepted by the library trustees). These funds are invested and accounted for separately by the town and the library receives the income generated from the interest on the collective trust fund amounts.

Uses: There are certain restrictions placed on some of these trusts, such as using the money to purchase a specific type of collection. The money from the interest is generally used in its entirety each year to supplement the library's physical collection. The Trustees will use these funds as specified, or if not specified, for special needs or opportunities that have been identified, e.g. maintenance/upkeep of memorial garden.

- **Income Generating Equipment** - This is considered public money because the voters have to accept the library will retain funds produced by income generating activities. This money is kept in a non-lapsing fund, meaning it does not need to be spent by the end of a fiscal year. (This is in addition to the Town Appropriation.)

Uses: This non-lapsing fund can be used for repairs and upgrading and for the purchase of books, supplies and income generating equipment.

- **Fine and Replacement of Lost/Damaged Books** - This money comes from patrons and is kept in a non-lapsing fund by the Library Trustees.

Uses: This non-lapsing fund can be used for the purchase of general repairs and upgrading and for the purchase of books, supplies and income-generating equipment. (This is in addition to the appropriation.)

Private Money:

Library Trustee Funds - these are monies held in a separate account than the town appropriation, and are not raised through taxation. The following items are considered either unanticipated or anticipated funds. These funds are non-tax sources of money. Unanticipated funds are those not known at the time of budget preparation. If the money is known at the time of budget preparation, it must be recorded as part of the gross budgeting process.

Any unanticipated monies in the amount of \$5,000 or more, the library trustees must hold a public hearing. For monies less than \$5,000 the library trustees will vote on the action to approve or disapprove and it will be noted in the minutes.

Trustees may spend this money without including it in the budget, AND must spend it in the same budget year it is received. If there is money carried over, it then must be included in the budget process before being expended.

Library Trust Fund sources include:

- Donations
- Bequests
- Grants
- Funds from state, federal or other government unit (COVID relief, ARPA, etc)

Money currently in the Trustee Fund Account is a mix of all of the above.

Uses: The specific funding source may dictate how and when the money can be expended. Some of the monies are restricted in how they can be used based on the donor's request. Unrestricted money may be used at the discretion of the library trustees. Prior to the establishment of a capital reserve fund, unrestricted monies have been used to cover costs of repairs and maintenance of the building, as well as enhancing the support of the library's collection and programs. The Trustees will continue to use unrestricted Library Trust Funds for repair and maintenance costs not covered by Capital Reserve Funds, as well as special opportunities, including the library collection, programs, technology needs, etc.

Friends of the Library - The Friends are a non-profit organization and are governed by their own bylaws. They are separate from the town and are not subject to Right to Know. They choose how they will fundraise and what they will support. Library trustees have no control over the Friends' money, except if The Friends wish to make a donation and the trustees vote to not accept it.

Quick Overview

Town Appropriation - Raised by taxpayers. Money must be spent in the fiscal year. Any money left over at year end will be given back to the town's general fund.

Fines and Replacement Money - goes into a non-lapsing fund. No restrictions on when to spend.

Income-generating equipment Money - goes into a non-lapsing fund. No restrictions on when to spend.

Town Library Trust Funds - from the town's Trustee of the Trust Fund accounts specifically for the purpose of the library. May only use these funds as designated by the donor, if there are restrictions. As anticipated funds (we know we get this money every year), they should be spent in the same fiscal year. Money used to purchase materials for the collection.

Trustee Funds - these have accumulated over time through memorial gifts and other donations through the years. Also, book sale money. This money may be invested according to the Investment Policy. Also, should be spent according to donor requests, if they are restricted.

Donations - should be spent according to the donor's request, if they are restricted. Must be spent by the end of the fiscal year.

Friends of the Library - Trustees have no control over their money.

For more information about funding sources, please refer to the NHLTA Trustee Manual.