

Managing the Money

Presented by:

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BUDGETING

Q1. What is the role of the library director in preparing the budget?

A1. This should be a joint effort between the board of trustees and the library director.

Q2 Who should present the budget to the Selectmen/Budget Committee—trustee, library director, both?

A2. It is important for the Selectmen and Budget Committees to see the staff and trustees as a team, and that the visibility of the trustees is important to emphasize the trustees' authority. It should be presented by the library director and the trustee most comfortable presenting.

Q3. What is gross budgeting and how does that affect the presentation of the library budget?

*A3. Gross budgets consist of both taxpayer money and private, non-lapsing, funds. Only taxpayer funds requests need to be presented to the Budget Committee
However, it can be useful as a measure of transparency to share the amount expected from private, non-lapsing e.g. fines, but it isn't part of the budget proposal, and doesn't lapse at year end and is in addition to the appropriation*

Q4. What happens if the Selectmen/Budget Committee cut a specific line in the library budget?

A4. The "bottom line" that the Selectmen put in the library budget can be reallocated among line items as trustees see fit to meet the library needs. However, it would be poor practice (and dangerous for future relations with the selectmen) if the trustees routinely submitted one budget, then revised it significantly after the fact, unless needed to respond to cuts made by the selectmen or other unforeseen events.

Q5. Do we have to present a detailed line item budget to the town?

A5. A detailed line item budget should be submitted. RSA 202A:11 reads that trustees prepare an annual budget indicating what support and maintenance of the free public library will be required out of public funds.

Q6. Can the trustees move money around after the budget has been approved at Town Meeting?

A6. Yes, see A4 above

Q7. Should the library budget be part of the town budget or in a separate warrant article? Pros and cons of each approach?

A7. If it is separate, there is a much higher risk that it will not be approved by at the Town Meeting. NHLTA advises libraries to oppose this move if proposed by the Selectmen.

Q8. How can money in the non-lapsing account be spent and does a yearly budget need to be prepared for this money as for the lapsing account?

A8. Non-lapsing accounts are used in the budget as non-tax offsetting revenue to the appropriation. Under RSA 32:5 III the Library Trustees must budget in "gross" which means the Trustees must submit a budget for the entire amount they will spend, regardless of the origin of the funds.

If Mrs. Smith's memorial fund was \$100,000 to be used to purchase children's books, it would be shown as follows:

[budget line items including children's books]

<i>Total amount requested for the library:</i>	<i>\$200,000.00</i>
<i>Estimated offsetting revenue from Smith account</i>	<i>(\$5,000.00)</i>
<i>Total to be raised through taxes:</i>	<i>\$195,000.00</i>

The town meeting would approve the "gross" line item of \$200,000. The Selectmen, in filling out the reports for Revenue Administration, would list the Smith money as a non-tax revenue source. DRA would then set the tax rate on the net \$195,000.00.

Q9. Should there be a budget for the Fines and Special accounts? How do you determine what is paid with trustee accounts vs town budgeted money?

A9. There does not have to be a budget for Fines and Special accounts. You should pay line items budgeted as taxpayer funds with taxpayer funds. It's up to the Trustees, when, if, and how much is spent from trustee accounts

Q10. If the library has an investment (not held by the Trustees of Trust Funds) that the library could draw from, if needed, is the library obligated to include this in their budget submission?

A10. No, except for the example given in #Q8 above. A few libraries do have trusts or restricted endowments that represent a significant portion of their budget. See Terry Knowles workshop on "The Other Money", <http://www.nhlta.org/ckfinder/userfiles/files/2017%20Other%20Money%20Webinar%2009-18-2017.pdf>

Q11. if the library doesn't spend all its moneys from the town by December, may they use the leftovers for books or other line items already expended? How do we cite RSA to a town manager who wants the money returned to the town rather than shifted to another line item?

A11. The Trustees can expend these leftover funds, but it depends somewhat on what they are. If the line with surplus funds is "earned time" or "salaries", it is inappropriate to shift these funds to another line. If the line is "periodicals" and the trustees shift it to "e-books", then that fine. Also, some towns take advantage of the town to do payroll and benefits or use the town for all purchases from the town's appropriation; other towns don't or do some other combination. The director and trustees monitor the budget as the year unfolds.

THE JOB OF TREASURER

Q1. Does the Board need to elect a Treasurer or can it just employ a bookkeeper?

A1. The trustees elect a Treasurer. A bookkeeper should not be signing checks.

Q2. Can an alternate trustee serve as Treasurer?

A2. No - it would be inappropriate to have an alternate trustee serve as an officer.

Q3. Can a trustee hold two offices, such as Treasurer and Secretary?

A3. *The Board of Trustees bylaws should address this.*

Q4. What should the Treasurer's monthly report to the board include?

A4. *Each month there should be an accounting of YTD expenditures vs. YTD budget of taxpayer money, a projection of year end expenditures vs. budget, and a report of all non-taxpayer income received and spent, and all non-taxpayer income received.*

Q5. What is required to be submitted for the annual Town Report?

A5. *Beginning and ending year balances, expenditures vs. budget, non-taxpayer income and expenditures for all accounts and library owned trust funds.*

Q6. What must be reported to the NH AG's office (office of Charitable Trusts)?

A6. *If the Library Trustees have custody of permanently restricted trust funds, they are required to submit an investment policy and a report which contains a listing of all the permanently restricted funds including the principal and income attributable to each. If the Trustees of Trust Funds hold all library funds, and the Library Trustees do not, neither an investment policy nor a report is required.*

Q7. Is there any reason to have a non-trustee/outside accountant review and prepare a monthly income and expenses summary as a double-check of the finances?

A7. *No, this should be covered with the Town audit*

Q8. What are the legal requirements related to retention of financial records?

A8. *Record retention is RSA 33A – Disposition of municipal records. The rules vary: accounts receivable: 1 year after audit. Bank deposits and statements: 6 years. Budgets: permanently. There are many more categories, but most will not apply to most libraries.*

Q9. What should be done when your treasurer resigns?

A9. *Another trustee should be elected as Treasurer*

It is recommended that a second person be a signer for the library accounts, and that person should be trained in the function of the treasurer.

DAY-TO-DAY FINANCIAL OPERATIONS

Q1. Can the Library Director serve as bookkeeper and just report to the board monthly?

A1. *The Library Director may serve as the bookkeeper, but he/she should provide the numbers to the Trustee Treasurer for reporting*

Q2. Do all or a majority of trustees need to sign off on all expenditures?

A2. *No, the Treasurer should sign checks for all expenditures. There should be a backup trustee signatory for emergency cases*

Q3. What is the best way to manage a credit card used for day-to-day expenditures, and how can Libraries obtain credit cards without having to use their private financial information?

A3. Each month's charges should be reviewed by the treasurer monthly. Some banks require personal trustee information and ID when applying for a credit card. In this case, we suggest a library use a debit card instead of a credit card. No personal ID's required for the debit cards.

Q4. Can you have the town's Finance officer serve as your bookkeeper, paying him/her to do the service outside of her job for the town?

A4. The difference here is whether the Finance Office (i.e., the town) is serving this function or if you choose to hire the finance officer as an independent contractor to do the job. NHLTA doesn't think this outsider hire is a good idea, but probably not illegal.

Q5. Do you have to keep public funds separate from private funds?

A5. Yes, and reported as such

Q6. Do you have to have separate bank accounts for fines and fees, donations, etc.?

A6. No, because a small library may spend more in monthly bank fees using separate small bank accounts than the size of these accounts could sustain, but fines and fees, donations, etc. must be accounted for separately

Q7. Do staff that handle money need to be bonded?

A7. No, but check with your town administrator; all town employees may be bonded already. Of course, trustees, as volunteers are not bonded, not (nor) do they need to be. Primex tells us any employee and any elected official (or appointed by the governing body) is bonded. Perhaps other insurers see this differently.

Q8. If the librarian writes checks, should the treasurer co-sign the bill to ensure that the check number and amount are accurate?

A8. There is no need to co-sign the invoice, but it can be done if the library trustees policy is to do so.

Q9. Should all invoices that will use trustee accounts be pre-approved?

A9. The trustees should vote on all trustee funds expenditures