

DRAFT

Summary of the meeting between:

Terry Knowles, Assistant Director, Department of the Attorney General, Charitable Trusts Unit, and the Board of Trustees of the Plainfield Public Libraries

March 5, 2012; Concord, NH

Present: Terry Knowles, Anita Brown, Kim Moss, Mark Pensgen, Bernadina Webber

Objectives:

- **Clarify understanding of budgeting, usage and encumbrance of public and private funds for the Plainfield libraries.**
 1. Public funds and private donations must be kept separate from one another.
 2. Privately donated funds never lapse but must be used for the specific purpose set out by the donor.
 3. Public funds must be spent in the year they were appropriated unless encumbered by a legally enforceable financial obligation incurred in that budget year. (RSA 32:7 I)
 4. If public funds are unspent and unencumbered, they must be returned to the town at the end of the year. (RSA 32:7)

- **Determine appropriateness of past practice in funds encumbered in the Meriden Library budget.**
 1. If we are holding any unexpended tax dollars, we need to return them to the town.
 2. It is okay to hold private donations indefinitely.
 3. It is legal to hold the building fund because it is private money; however, we must report the balance to the attorney general's office annually. (RSA 31:25)
 4. The building fund money cannot be transferred over to the town to create a town administered trust fund without going through probate court to change the trustees for these gifts.
 5. We must report the balance of **all** accounts (public and private) in the annual town report. (RSA 32:5 III)
 6. We should correct the past town reports where these fund balances were omitted by submitting a correcting entry in the 2013 budget to the Selectboard for inclusion in next year's town report.

- **Seek guidance on a plan for existing fund balance at Meriden Library.**
 1. Separate all private money from donated money.
 2. Provide the NH Charitable Trusts Unit with a good faith estimate of the tax dollars v. private dollars and our methodology for determining these numbers.
 3. Determine if any of the funds are residual public money and return to the town **only after** the NH Charitable Trusts Unit establishes that we are not returning any private donations. (*This cannot be achieved in advance of this year's town meeting.)

- **Seek guidance on future of fund balances.**
 1. We cannot enter into any agreement with the Board of Selectmen to carry tax dollars over from one year to the next because it is considered a re-appropriation. Any appropriation must be put to a town vote.
 2. We can establish a warranted library reserve fund such as a capital reserve fund (RSA 35), through a town vote that returns any unexpended tax dollars back to the libraries. (RSA 32:7, II, V, VI)

- **Determine how to deal with the combination of library budgets and what funds need to continue to be segregated.**
 1. Move to one appropriation to the library department with sub accounting for each library.
 2. Have only one treasurer to oversee all the funds to ensure that we are within the parameters of the town's liability insurance policy. (Our insurer must issue bond coverage for any public servant who handles funds.)
 3. Have three accounts: one checking account for all library department operations money; one savings account for private money for the Meriden Library and one savings account for private money for the Philip Read Library.

Next Steps:

1. Send our final figures to the NH Charitable Trusts Unit for review and approval.
2. Submit our findings to the Board of Selectmen.
3. Establish new bank accounts for gifts.
4. Submit a correcting entry in the 2013 budget to the Selectboard for inclusion in next year's town report.
5. Draft any necessary warrant articles for next year's town meeting to address any fund balances.
6. Report our building fund balance to the NH Charitable Trusts Unit.