

# Sunderland Public Library — Sunderland, MA

## Fiscal Policy on the Spending of Trust Fund Income

1. The Following is a policy relating to the spending of the income of the Sunderland Public Library's Trust Funds that are in existence as of April 1995.
2. The income of the Trust Funds will be spent in accordance with the stated purpose of the individual funds. In so much as the funds have been comingled, trust fund income will be restricted to the narrowest purpose (i.e., books and other loanable materials).
3. In order to counter inflationary pressures and extraordinary swings in interest rates and to ensure continued growth of the Trust Fund accounts, the spending policy will be based on the following formula:

**No more than 75% of the average of the previous five fiscal years' income will be spent in any fiscal year.**

e.g. Interest earned for the past five fiscal years:

|        |                             |
|--------|-----------------------------|
| FY15:  | \$ 1,151.64                 |
| FY16:  | \$ 1,221.78                 |
| FY17:  | \$ 1,192.48                 |
| FY18:  | \$ 982.63                   |
| FY19:  | <u>\$ 1,021.57</u>          |
| TOTAL: | \$5,570.10 / 5 = \$1,114.02 |

AVERAGE: \$ 1114.02 \* .75 = \$835.52

75% AVERAGE: \$835.52

Therefore, in FY20 no more than \$835.52 of Trust Fund income could be spent.

4. The purpose of this formula is to provide a stable source of expendable income for the benefit of the library while allowing the overall Trust Fund to grow. The goal is an ever-expanding income for future library needs.
5. Unusual and financially significant projects of a large scale nature (such as major acquisitions or major building repairs) may be funded beyond the limitation imposed on the expendable portion of the Trust Funds by (3.) above on a case by case basis. It is understood that the expense must have a long-term benefit to future library operations. Furthermore, it is understood that financial contributions from the Town of Sunderland, the Commonwealth of Massachusetts and/or from other sources should be a contributing factor in such an endeavor. Under no circumstances should the level of expendable income of the Trust Funds drop below the level of non-expendable trust moneys.
6. Unless otherwise restricted by future endowments, it is the express purpose of this policy to apply this expenditure criteria to the income realized from any future endowments received by the Sunderland Public Library.

7. The Trustees are under obligation to review the stipulations and restrictions contained within this policy to the inhabitants of the Town of Sunderland as required.
8. The Trust Funds held by the Sunderland public Library on May 1995 and their purpose, as can best be construed from available documentation, is as follows:

| <u>Fund</u>              | <u>Purpose</u>      |
|--------------------------|---------------------|
| • Juliette Montague Cook | Books               |
| • Lillian Martin Dill    | Books               |
| • Rufus Rowe Graves      | General library use |
| • Sarah Lorane Graves    | General library use |
| • Caroline B. Harper     | Books               |
| • Henry W. Taft          | General library use |
| • General fund           | General library use |