

**State of New Jersey
Office of the State Librarian and
Division of Local Government Services**

**STEPS NECESSARY TO IMPLEMENT N.J.S.A. 40:54-15 (a)
Transfer of Excess Library Funds to the Municipality**

1. The annual report submitted by the library board of trustees to the municipality pursuant to N.J.S.A. 40:54-15 shall identify excess funds that the board will approve for transfer to the municipality as miscellaneous revenue pending approval by the State Librarian.
2. The board of trustees adopts a resolution of its intent to transfer excess funds to the municipality pending the approval of the State Librarian. The resolution affirms that:
 - The board of trustees is in compliance with all conditions of N.J.S.A. 40:54-15; The municipality and the municipal free library are in compliance with all conditions imposed by rule or regulation promulgated by the State Librarian for per capita library aid to public libraries according to the "State Library Aid Law," (N.J.S.A. 18A:74-1 et seq.) and pertaining to appropriations for the maintenance of a municipal free library according to R.S. 40:54-8 or R.S. 40:54-29.4 in the case of a joint free public library;
 - There are sufficient funds remaining in the municipal free library's operating budget for the maintenance of the library for the balance of the fiscal year in which the transfer of funds to the municipality occurs;
 - The library board of trustees has a written plan of at least three years that reflects that the long-term funding needs of the library will be met, and that any capital expense will contribute to the provision of efficient and effective library services.

(Upon approval of its resolution of intent by the State, the board of trustees shall cause the amount of the excess funds identified in its resolution to be transferred to the municipality.)

3. The board of trustees forwards to the State Librarian a complete packet including the following items:
 - (a) Resolution of intent
 - (b) Proposed Transfer sheet
 - (c) Most recent available audit
 - (d) 3, 4 or 5 year plan of library service charting the library's direction for the future with the following parts:
 - List of planning committee members (and any others with significant participation in the process)
 - Vision/Values Statement
 - Mission Statement
 - A description of the planning process (includes the planning committee and data analyses and may include focus groups and staff interviews)

- Environment Statement (trends in publishing, technology, etc. and how the library fits in)
 - Building/Physical Space analysis including an analysis of the current and future usage of the library that shows compliance with size criteria established at N.J.A.C. 15:21-5.4
 - Funding analysis (spreadsheet format) of expected revenue for at least 3 years
 - Budget analysis for at least 3 years (spreadsheet format) showing capital project set-asides (submit purchasing schedule for equipment and other capital expense for which the library is responsible), and anticipated expenditures including funding needed for new programs, expected increases in staff, materials and other operating costs
 - Technology Plan of at least 3 years
4. The New Jersey State Library will notify the Division of Local Government Services immediately of any intention to implement this provision.
 5. The State Librarian will review the board of trustee's submission for completeness and compliance with the law and render a written decision within 45 calendar days of receipt of the packet. The State Librarian will notify the board of trustees, the municipality and the Division of Local Government Services regarding the approval or denial of the request.
 6. Upon written approval of its resolution of intent by the State Librarian, the board of trustees shall cause the amount of the excess funds identified in its resolution to be transferred to the municipality.
 7. Monies approved by the State Librarian for transfer to a municipality by the board of trustees of its municipal free library may be anticipated by the municipality as a miscellaneous revenue; provided, however, that the monies shall be used solely and exclusively by the municipality for the purposes of reducing the amount the municipality is required to raise by local property tax levy for municipal purposes.
 8. The act of approving the municipality's budget by, the director of the Division of Local Government Services shall serve as written certification that each eligible municipality has complied with this section.
 - (a) If the director finds that monies transferred to a municipality by its municipal free library pursuant to of R.S. 40:54-15(d) are not used by that municipality solely and exclusively to reduce the amount required to be raised by the local property tax levy (pursuant to N.J.S.A. 40A:4-25.1), then the director shall correct the municipal budget, pursuant to N.J.S.40A:4-86, to ensure that the transferred funds are used for that purpose only.
 - (b) If the transfer of library surplus is approved after the municipal budget has been adopted and the property tax rate approved by the County Board of Taxation, the municipality shall reserve the entire amount of the transfer to be anticipated in the following year's budget.

Amended November 16, 2010 by the Division of Local Government Services and New Jersey State Library

Implementation, Notes and Procedures

Item 2 - The *Resolution of Intent* must include affirmations for all bullets in this section.

Item 3(b) - The *Proposed Transfer* form must be obtained from the New Jersey State Library, and must be submitted electronically via email as it includes formulas.

Item 3(d) - The plan referred to is also called a Strategic Plan and must:

- include at a minimum all of the bulleted items in 3(d) above and following. To provide the best outcome for the provision of effective and efficient library service, it is strongly recommended that the process be guided by someone with experience in facilitating strategic plans for public library service.
- cover the year of the proposed transfer
- be developed in consultation with library users and nonusers, elected officials, library trustees and library staff
- contain measurable Goals and Objectives to achieve the Visions/Values Statement
- describe an Evaluation Process which is an explanation of how progress and completion of the goals and objectives is evaluated
- be evaluated annually to show the progress and/or impediments regarding accomplishment of goals and objectives
- For written details about the requirements of a Technology Plan and details and links to sample strategic plans, contact Michele Stricker at mstricker@njstatelib.org.

Note: The *FUNDING & BUDGET ANALYSIS* form as well as a sample *CAPITAL PURCHASE* form is available from the New Jersey State Library and requires prior, present and at least two future years. The information provided in these forms supports the goals and objectives of the strategic plan.

Item 5

- With the exception of the annual audit which need be sent in hard copy only, send the entire package electronically (mstricker@njstatelib.org) and in hard copy to:

New Jersey State Library
PO Box 520 185 West State Street
Trenton, NJ 08625-0520
Attention: Michele Stricker, Deputy Director Library Development Bureau

Sending special delivery is not necessary as Ms. Stricker will email confirmation of receipt of the electronic packet that begins the process, and notify applicant should the hard copy not be received as anticipated.

- Every effort will be made to process the request as quickly as possible. A complete packet with all submissions meeting the minimum requirements and quick response to any questions will speed the process.

Questions? Contact Michele Stricker at mstricker@njstatelib.org or 609.278.2640 ext. 164

Pertinent Statutes

NJSA 40:54-15 Annual report, identification of excess funds to municipality, transfer procedure.

a. The board of trustees shall make an annual report to the chief financial officer of the municipality which shall include a statement setting forth in detail all public revenues received by the library, all State aid received by the library, all expenditures made by the library and the balance of funds available. Notwithstanding the requirements of R.S.40:54-8 pertaining to the amount required to be raised and appropriated for library purposes, the annual report shall identify excess funds that the board is required to approve and transfer to the municipality as miscellaneous revenue. The excess funds transferred shall be any amount that exceeds the sum of the amount of the audited operating expenditures of the library for the most recent available year, plus an additional 20% of those operating expenditures, excluding funds restricted for capital projects and grants, to be maintained as surplus. The annual report shall also include an analysis of the state and condition of the library and shall be sent to the municipal governing body and to the State Library. The State Librarian shall prescribe by regulation the form of all such reports.

b. (1) Except as limited in paragraph (2) of this subsection, the board of trustees of a municipal free library shall adopt a resolution of its intent to transfer excess funds to the municipality, as identified in its annual report pursuant to subsection a. of this section.

(2) The board of trustees of a municipal free library established after the effective date of P.L.2008, c.8 shall not adopt a resolution of intent pursuant to this subsection before the eighth budget year following its establishment.

c. Once the board of trustees has adopted a resolution of intent pursuant to subsection b. of this section, it shall forward the resolution to the State Librarian for approval, along with any other information required by the State Librarian and in accordance with procedures and forms promulgated by the State Librarian in consultation with the Director of the Division of Local Government Services in the Department of Community Affairs. The State Librarian shall approve any resolution upon a determination that all of the following provisions are met:

(1) the municipal free library will still retain a sum equal to the amount of the audited operating expenditures of the library for the most recent available year plus an additional 20% of that amount, excluding funds restricted for capital projects and grants, to be maintained as surplus;

(2) the municipality and the municipal free library are in compliance with all conditions imposed by rule or regulation promulgated by the State Librarian for per capita library aid to public libraries according to the "state library aid law," N.J.S.18A:74-1 et seq., and pertaining to appropriations for the maintenance of a municipal free library according to R.S.40:54-8 or section 2 of P.L.1959, c.155 (C.40:54-29.4) in the case of a joint free public library;

(3) there are sufficient funds remaining in the municipal free library's operating budget for the maintenance of the library for the balance of the fiscal year in which the transfer of funds to the municipality occurs; and

(4) the library board of trustees has a written plan of at least three years that reflects that the long-term funding needs of the library will be met, and that any capital expense will contribute to the provision of efficient and effective library services, and that the written plan has been approved by the State Librarian.

d. Upon approval of its resolution of intent by the State Librarian pursuant to subsection c. of this section, the board of trustees shall cause the amount of the excess funds identified in its resolution to be transferred to the municipality.

Amended 1985, c.541, s.2; 2001, c.137, s.55; 2008, c.8, s.1; 2010, c.83, s.1.

NJSA 40A:4-25, Miscellaneous revenues.

"Miscellaneous revenues" shall include such amounts as may reasonably be expected to be realized in cash during the fiscal year from known and regular sources, or from sources reasonably capable of anticipation, and lawfully applicable to the appropriations made in the budget, other than dedicated revenues, revenues from taxes to be levied to support the budget, receipts from delinquent taxes, and surplus. Miscellaneous revenues stated in the budget shall be classified according to their respective sources.

L.1960, c. 169, s. 1, eff. Jan. 1, 1962.

40A:4-25.1, Use of library monies transferred to municipality.

...

2. Monies approved by the State Librarian for transfer to a municipality by the board of trustees of its municipal free library, pursuant to subsection c. of R.S.40:54-15, may be anticipated by the municipality as a miscellaneous revenue; provided, however, that the monies shall be used solely and exclusively by the municipality for the purposes of reducing the amount the municipality is required to raise by local property tax levy for municipal purposes. The director shall certify that each municipality has complied with this section. If the director finds that monies transferred to a municipality by its municipal free library pursuant to subsection d. of R.S.40:54-15 are not used by that municipality solely and exclusively to reduce the amount required to be raised by the local property tax levy, then the director shall correct the municipal budget, pursuant to N.J.S.40A:4-86, to ensure that the transferred funds are used for that purpose only. L.2008, c.8, s.2.

NOTE: "Director" above means the director of the Division of Local Government Services in the Department of Community Affairs.

Nov. 22, 2010