



## **Tully Free Library Fund Accounting**

Depending on its circumstances, the Tully Free Library may have more than one fund. The *operating fund* is the account from which the Library's day-to-day income and expenses are received and disbursed and it is the account through which almost all income and receipts pass. This is the primary fund for the library's annual budget.

A *capital fund* is a separate account established for special one-time, unusual, and high cost activities such as construction, renovation, or major equipment purchases. The Tully Free Library Capital Endowment Fund is currently held and monitored by the Central New York Community Foundation. Mandatory contributions to this fund include memorials given to the Library. With Board of Trustees approval, unspecified bequests (recommended  $\geq$ \$500) can also be directed to this capital fund.

Library boards may establish other special purpose funds for accounting and planning purposes. The Tully Free Library may also have a *prudent reserve fund* to serve this purpose. End-of-year surplus from the operating fund can be transferred into this fund for future use. 'End-of-year surplus' is defined as gifts or donations given to the Library which are not memorials. Uses of this fund include special purposes not covered by the operating funds such as one-time purchases not covered under the operating budget, speaker fees, materials for program launches, matching money for proposed grants, or seed money for new projects.

For information regarding Library Trustees' responsibilities with respect to handling funds, please refer to the Budget and Finance section of the Handbook for Library Trustees of New York State, available online.