

1. A prioritized itemized list that delineates the proposed use of the funds; and

2. Justification that supports the provision of efficient and effective library services.

(c) Municipalities may appropriate an additional sum greater than the annual mandatory library appropriation.

(d) Municipalities are required to expend money raised as per N.J.S.A. 40:54-8 and N.J.S.A. 40:54-29.4 in full to the treasurer of the board of trustees, or into a reserve account retained in the custody of the municipal treasurer to be disbursed by same after approval by the board of trustees of the free public library as provided by N.J.S.A. 40:54-13. Municipalities which structure the expenditure of the library appropriation into periodic payments, shall make such periodic payments to the treasurer in advance at a rate of no less than 25 percent of the total annual appropriation in quarterly installments.

(e) In those municipalities where the annual library appropriation pursuant to N.J.S.A. 40:54-8 and N.J.S.A. 40:54-29.4 is retained in the custody of the municipal treasurer and disbursed by him or her after approval by the board of trustees of the free public library, any prior year unexpended funds remaining from the annual mandatory library appropriation shall be retained in the library-controlled account dedicated for eligible purposes, as defined in N.J.A.C. 15:21-12.3 and 12.5, for the maintenance of such municipality's public library.

#### **15:21-12.5 Eligible municipal or joint free public library costs that may be supported with the annual mandatory library appropriation**

(a) The annual mandatory library appropriation shall be expended by the library board of trustees for eligible costs as defined in this chapter.

(b) Rent may be considered an eligible cost from annual mandatory library appropriation if such rent is paid to a private entity or a school district and is comparable with the fair market value for rent in the municipality based on a cost per square footage.

(c) Capital expense paid for by the library board of trustees with funds from the annual mandatory library appropriation may be considered an eligible cost for the library board of trustees if:

1. All conditions of N.J.S.A. 40:54-1 et seq. and N.J.A.C. 15:21-2 are met;

2. There are sufficient funds remaining for the maintenance of the library for the balance of the year in which the funds are saved or the cost occurs; and

3. The library board of trustees has a written plan of at least three years that reflects that the long-term capital expense will contribute to the provision of efficient and effective library services, and that the plan will be made available to the State Librarian upon request.

15:21-12.6 **Ineligible municipal or joint free public library costs that may not be supported with the annual mandatory library appropriation**

(a) The annual mandatory library appropriation shall not be expended by the library board of trustees for ineligible costs as defined in this chapter and including:

1. Debt or lease payments made to a municipality;

2. Rent or lease payments made to a municipality;

3. Capital expenses not meeting the criteria of N.J.A.C. 15:21-12.5(c); and

4. Debt service costs.

(b) Municipal and joint free public libraries that are not in compliance with (a)1, 3, and 4 above on January 16, 2007 may apply within one year of January 16, 2008 to the State Librarian for a limited extension to continue to use the annual mandatory library appropriation for debt or lease payments made to a municipality, capital expenses not meeting the criteria of N.J.A.C. 15:21-12.5(c) and debt service costs. In order to be considered eligible, the applicant must include a plan to phase out the use of the annual mandatory library appropriation for these costs.

#### **15:21-12.7 Annual municipal and joint free public library reports and audit**

(a) Pursuant to N.J.S.A. 18A:74-11, each library receiving State aid shall annually make and transmit a report to the State Librarian on or before a date designated by the State Librarian and based on a fiscal year, the statute not withstanding. Each library and municipality applying for per capita state aid will meet this requirement through the annual submission of the survey, application and certification. This report will contain such information, based upon the records and statistics of the preceding fiscal year, as the State Librarian shall require and will include the following elements:

1. A statement setting forth in detail all public revenues received by the library including the amount of the annual mandatory library appropriation expended by the municipality to the library; or if budget appropriations are customarily retained in the custody of the municipal treasurer and disbursed after approval by the board of trustees of the free public library, the annual amount appropriated and expended to the treasurer of the board of trustees or held in a reserve account for the exclusive use of the library trustees;

2. State aid received by the library;

3. Expenditures made by the library and the balance of funds available including balances from the annual mandatory library appropriation. The library trustees through resolution shall duly authorize all such expenditures;

4. An analysis of the state and condition of the library facility prepared by the Library Director, as the State Librarian shall require;

5. A statement that an annual audit has been conducted as required by N.J.S.A. 40A:5-4 et seq. and described in N.J.A.C. 5:30-6.1; and

6. A statistical report of general information, the number and categories of employees, the number and types of library material holdings, service statistics, salary information and trustee information as the State Librarian shall require.

(b) Pursuant to N.J.S.A. 40:54-15, the board of trustees shall make an annual report to the State Librarian. Each library and municipality applying for per capita State aid will meet this requirement through the annual submission of the survey, application and certification. All libraries not applying for per capita State aid shall report those elements as required in (a)1 through 5 above, and shall annually submit to the State Librarian a certified audit of the prior year.

(c) Pursuant to N.J.S.A. 40:54-15, 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. 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.

(d) A certified audit of the library board of trustees shall be performed annually as required by N.J.S.A. 40A:5-4 et seq. and described in N.J.A.C. 5:30-6.1. In some cases, all budget appropriations, fines, fees and all other income of the library are retained in the custody of the municipal treasurer in an account reserved for the library and disbursed by the municipal treasurer after approval by the board of trustees of the free public library. If the municipal audit includes a thorough audit of the library's finances, including demonstration that the library board of trustees duly authorized all expenditures, then the municipal audit will meet this requirement.

#### **15:21-12.8 Withholding of State support for non-compliance**

(a) Pursuant to N.J.S.A. 18A:73-35(f) and 18A:74-12, the State Librarian may withhold State support and request that the State Department of Treasury withhold funds to any municipal or joint free public library or municipality that fails to comply with the rules and standards which are prescribed by law or by the State Librarian.

(b) Pursuant to N.J.S.A. 40A:4-77, the Division of Local Government Services shall not approve a **municipal budget** unless the budget has been adopted in accordance with all other provisions of law, including, but not limited to, this subchapter.

#### **15:21-12.9 Appeals procedures**

(a) Upon failure to comply with this subchapter, the library board of trustees may appeal to the State Librarian upon written request for a determination that expenditures are or were not in compliance with this subchapter during a specific fiscal year. Written notice of the library board of trustees' appeal shall be provided to the municipality.

(b) Within 30 days of written notice, the library board of trustees may submit to the State Librarian a written response to the appeal, and either party may request an informal hearing before the State Librarian. The parties shall provide information concerning municipal and library expenditures during the fiscal year at issue upon request of the State Librarian.

(c) The State Librarian shall issue a written decision to the library board of trustees, with copies to the municipality and to the Division of Local Government Services. A determination by the State Librarian that expenditures during a fiscal year were not in compliance with this chapter may result in sanctions for non-compliance including the withholding of State Support for subsequent fiscal years as provided above in N.J.A.C. 15:21-12.8.