

CORTLAND FREE LIBRARY
SPENDING POLICY

The Cortland Free Library Endowment Fund is the result of many gifts of varying size and levels of restriction. When the trustees put the fund under professional management it was decided to treat the funds as one for investment purposes in order to gain the benefits of a more diversified investment portfolio. Each individual endowment is expressed as a percentage of the whole fund. The percentages will change as new additions are made to the endowment. For spending purposes the income is currently allocated as follows:

55%- Restricted to books and library materials

10%- Restricted to furniture & fixtures

35%-Unrestricted - For other operating expenses of the library

These percentages will be recalculated annually and documented in the board minutes.

The spending rule

The intention of the Board of Trustees is to prudently manage the endowed funds to provide payments of about 4% of a 4 year moving average of the endowment fund balance to support the operation of the library. This rate of expenditure is intended to protect the endowment's principal while still providing much-needed funds for the library's operation.

Amendment (passed June 11, 2008)

Ten percent of the endowment fund is to be devoted to building projects. Allocation is as follows:

55% - Restricted to books and library materials

10% - Restricted to furniture & fixtures

25% - Unrestricted - For other operating expenses of the library

10% - Unrestricted – For building repairs

Passed on May 14, 2008 by Board of Trustees

Unexpended Funds

If funds eligible to be drawn from the endowment within a calendar year are unexpended at year's end, the unexpended portions will be sequestered in accounts titled Unexpended for Books and Library Materials, Unexpended for Furniture and Fixtures, or Unexpended Unrestricted Funds as appropriate. The unexpended funds can accumulate from year to year and will continue to be managed by the investment manager as the manager, in consultation with the Board of trustees, deems best. However, the unexpended funds will not count as part of the endowment principal in determining the amount to be withdrawn in future years. Because some expenditures vary greatly from year to year, e.g. furniture and fixtures and building repairs, the intent is to save unexpended, accumulated portions in years when expenses are low to pay for these items in years when expenses are high.

[Accepted as an amendment to the Spending / Endowment Policy June 24, 2015]