

FINANCIAL
Reserve Funds

STATEMENT: Reserve funds provide funding for non-recurring expenditures to meet anticipated future costs and financial obligations. The Board of Trustees may establish other special purpose funds for accounting and planning purposes.

PURPOSE: To identify and describe reserve funds designated by the Red Jacket Community Library and to establish guidelines for the responsible maintenance and use of these funds.

POLICY:

CAPITAL REPAIR RESERVE FUND

1. Designation
The Capital Repair Reserve Fund is hereinafter referred to as the "Capital Fund".
2. Purpose
The purpose of the Capital Fund is to provide funding for non-recurring expenditures for the repairs and improvements of the Library's facilities. The type of repair must not recur annually or at shorter intervals. A qualifying Capital Fund expenditure occurs when there is a purchase or acquisition of an asset that will benefit the Library for an extended period of probable usefulness and meets the minimum item cost guidelines. Disbursements that add to the value or improve the usefulness of an asset also qualify as Capital Fund expenditures.
3. Transfers
End-of-the-year surplus from the Library's operating funds may be transferred into the Capital Fund at the discretion of the Board of Trustees. All transfers to the Capital Fund shall be by a board resolution.
4. Expenditure Selection Process
The Director shall make recommendations to the Finance and Audit Committee for potential Capital Fund expenditures. The Finance and Audit Committee shall, in turn, make recommendations to the Board of Trustees. The Finance and Audit Committee and the Board of Trustees shall select capital expenditures based on the long-term benefit of the expenditure and the amount of available funds in the Capital Fund. All expenditures from the Capital Fund shall be authorized by a separate board resolution.
 - A. The minimum item cost for a capital asset shall be five-hundred dollars (\$500).
 - B. Similar lower cost items when purchased as a group may be purchased as a capital expenditure if the group total cost exceeds the minimum amount of \$500. For example, if 50 steel chairs were purchased at \$25 each, \$1,250, rather than \$25, should be used to determine that chairs are treated as a capital asset.
5. Maximum Balance
The balance of funds in the Capital Fund at the end of the Library's fiscal year shall not exceed the sum of fifty percent (50%) of the total annual operating budget of the Library.

EDUCATION SPECIAL PURPOSE RESERVE FUND

1. Designation
The Education Special Purpose Reserve Fund is hereinafter referred to as "Education Savings".
2. Purpose
The purpose of Education Savings is to provide for the following:
 - A. Funding for employee tuition reimbursement costs, as an employee benefit in accordance with Policy #300-1, for courses that lead to a degree in Master's in Library Science or another similar degree program, and
 - B. Funding for costs, including tuition and fees, for courses and training for employees that lead to an Advanced Certificate in Public Library Administration or another similar certificated program that benefit the Library.It is not the purpose of Education Savings to pay for types of continuing education that recur annually or at shorter intervals such as conferences, travel to conferences, workshops, training, or staff development.

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3. Transfers
 - A. End-of-the-year surplus from the Library's operating funds may be transferred into Education Savings by a separate board resolution.
 - B. Any reimbursement received from Pioneer Library System upon completion of coursework shall be transferred to Education Savings, up to the maximum balance, and shall not require a separate board authorization.
 - C. Transfers from Education Savings may be made to any other established reserve fund or returned to the operational budget by a separate board resolution.
4. Expenditure Selection Process
The Personnel Committee or the Director, after consultation with the President or Personnel Committee, shall make recommendations for potential Educational Savings expenditures to the Board of Trustees. All expenditures from Education Savings must be authorized by a separate board resolution.
5. Maximum Balance
The balance of funds in Education Savings at the end of the Library's fiscal year shall not exceed the greater amount of either
 - A. Twelve thousand dollars (\$12,000), or
 - B. The sum of five thousand dollars (\$5,000) plus the cost of the five (5) courses in the Advanced Certificate in Public Library Administration program offered through Long Island University.

RETIREMENT RESERVE FUND

1. Designation
The Retirement Reserve Fund is hereinafter referred to as the "Retirement Reserve" and may be established by a board resolution.
2. Purpose
The purpose of the Retirement Reserve is for the payment of employer retirement contributions. Retirement contributions are defined as all or any portion of the amount payable to the New York State and Local Employees' Retirement System (NYSLRS) pursuant to Retirement and Social Security Law.
3. Funding
Sources of funds for the Retirement Reserve may be from budgetary appropriations.
4. Transfers
Operational surplus may be transferred into the Retirement Reserve within a fiscal year in which the NYSLRS invoice is less than the NYSLRS projected employer contribution amount.
5. Expenditures
Expenditures from the Retirement Reserve may be transferred to the operational budget to cover operational insufficiencies within a fiscal year in which the NYSLRS invoice is greater than the NYSLRS projected employer contribution amount. A separate board authorization shall not be required to spend from the Retirement Reserve.
6. Maximum Balance
The balance of funds in the Retirement Reserve at the end of the Library's fiscal year shall not exceed the sum of five thousand dollars (\$5,000).

INSURANCE RESERVE FUND

1. Designation
The Insurance Reserve Fund is hereinafter referred to as the "Insurance Reserve" and may be established by a board resolution.
2. Purpose
The purpose of the Insurance Reserve is to pay liability claims and casualty losses.
3. Funding
Sources of funds shall be from budgetary appropriations.
4. Restrictions
Should the Board terminate the Insurance Reserve, remaining funds may be transferred to any other established reserve fund authorized by the General Municipal Law or Ed. Law §3651, including the Capital

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Fund and the Retirement Reserve.

5. Expenditures

Expenditures from the Insurance Reserve shall pay for property losses and liability claims. The Insurance Reserve shall not pay for losses incurred for which the following types of insurance may be purchased: life, accident, health, annuities, fidelity and surety, credit, title residual value and mortgage guarantee. A separate board authorization shall not be required to spend from the Insurance Reserve.

5. Maximum Balance

The balance of funds in the Insurance Reserve at the end of the Library's fiscal year shall not exceed the sum of one thousand dollars (\$1,000).

OTHER RESERVE FUNDS

1. Reserve funds allowed by law may be established by the Board of Trustees. Additional reserve funds may include, but are not limited to the Reserve for Employee Benefit Accrued Liability.

REPORTING

1. The Library shall report transfers to the Capital Fund to the taxpayers through the annual report.
2. The Library shall report balances of each reserve fund to the taxpayers through the annual report.