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RESERVE FUND POLICY

Adopted: January 16, 2024; Revised October 21st, 2024

PURPOSE

The Bloomfield Public Library prioritizes financial stability by maintaining reserve funds. These funds act as a crucial component of responsible financial planning as well as a safety net for unexpected expenses or emergencies, ensuring the library's long-term financial well-being.

RESERVE CATEGORIES AND BALANCES

Specific reserve categories will be established by the Bloomfield Public Library Board of Trustees through a motion or resolution and included in this policy.

The Treasurer, Fiscal Officer, and Library Director are responsible for monitoring the balance of each reserve category to ensure they meet established targets.

REVIEW AND REVISION

The Treasurer, Fiscal Officer, and Library Director will regularly review reserve fund balances and present any proposed adjustments to the Bloomfield Public Library Board of Trustees for approval at a regular board meeting.

The Board of Trustees authorizes transfers of funds between the Operating Budget and Reserve Funds by both a budget amendment and a motion or resolution.

EXTERNAL REVIEW

The Bloomfield Public Library Board of Trustees may engage a qualified public accounting firm, approved by the Board, to conduct an independent review of the adequacy of the reserve balances.

BANK ACCOUNTS

Reserve may exist in shared bank accounts with separate accounting records kept for each fund.

INVESTMENT OF RESERVES

Reserve funds may be invested under the provisions of GML and the library's investment policy. Interest earned realized on investments accrue to, and become part of, each reserve fund.

CURRENT BOARD APPROVED RESERVE FUNDS

Capital Reserve: To fund significant capital projects and infrastructure replacements, such as heating, ventilation, and air conditioning (HVAC) systems, siding, roofing, or renovation, which extend beyond the scope of the annual operating budget.

Employee Benefits Liability Reserve: To prepare for payment of employees' earned but unused leave time per the Employee Handbook should they qualify. Also, to cover board-directed contributions to employee retirement accounts.

Professional Fees Reserve: To cover legal fees, financial reviews and/or audits, and other applicable professional fees.

Technology Reserve: To finance substantial technology projects or technology replacements such as computers, printers, laptops, and related equipment.