

Livonia Public Library Reserve Fund Policy

Purpose

This Reserve Fund Policy establishes guidelines for the management of reserve funds at the Livonia Public Library (the “Library”). These funds are intended to provide financial stability, allow for planning and budgeting of major capital expenditures, and address building repair and maintenance needs. The Library's Reserve Funds will ensure the Library's ability to manage large projects and unexpected expenses, while maintaining fiscal responsibility and transparency.

Reserve Fund Types

The Library will establish two primary reserve funds:

- 1. Capital Reserve Fund**

The Capital Reserve Fund is intended to accumulate funds for future capital expenditures, including, but not limited to, major construction, renovation projects, acquisition of property, and other long-term capital improvements.

- 2. Building Repair Reserve Fund**

The Building Repair Reserve Fund is intended to accumulate funds for the repair, maintenance, and improvement of the Library's physical facilities. This fund is designed to cover the costs of unforeseen repairs or routine maintenance that cannot be funded through the regular operating budget.

Funding the Reserve Funds

Reserve Funds will be funded by annual appropriations from the Library's operating budget, surplus funds from previous fiscal years, grants, or other sources as approved by the Library's Board of Trustees.

Approval Process

Board Approval

The establishment and any changes to the reserve funds, including funding amounts, will be subject to approval by the Library's Board of Trustees.

Annual Allocations

The Library's Board of Trustees will review and approve any annual contributions to the reserve funds as part of the Library's budget process. The Board will assess the financial condition of the Library, project future capital and repair needs, and determine an appropriate level of funding for both reserve funds.

Use of Reserve Funds

Reserve Funds may be used in the context of the scope listed under the “Reserve Fund Types” section of this policy.

Approval for Expenditures

Any expenditures from the reserve funds must be approved by the Library's Board of Trustees. Requests for use of the reserve funds should be submitted with documentation outlining the nature of the expense, the estimated cost, and the need for the expenditure.

Management and Investment of Reserve Funds

Investment of Funds

Reserve funds will be invested in accordance with the Library's **Investment Policy** and in compliance with the laws of New York State. Investments will prioritize safety, liquidity, and appropriate returns, and will only be made in authorized investments as outlined in state law.

Fund Management

The Library's Board of Trustees Treasurer will oversee the management of reserve fund balances, ensuring funds are properly allocated, invested, and documented. The Library's Treasurer will provide a report to the Board of Trustees at each quarterly meeting regarding the status of reserve fund balances.

Reporting and Oversight

Annual Report

The Library will provide an annual report to the Board of Trustees detailing the current balance of each reserve fund, any deposits made into the funds, and any expenditures made from the funds. This report will be included in the Library's annual financial report and will be available for public review.

Audits and Reviews

The Library will ensure that its reserve funds are subject to periodic audits as part of the overall financial audit process. The Library will comply with all applicable state and local regulations regarding reserve funds, including reporting requirements to the New York State Comptroller's Office.

Replenishing the Reserve Funds

In the event that funds from either reserve are expended, the Library's Board of Trustees will review the status of the reserve and approve measures to replenish the fund as part of the annual budget process. If necessary, the Board may recommend special appropriations or funding sources to restore the reserve balances.

[1/14/2025 APPROVED BY THE BOARD]