



OWWL LIBRARY SYSTEM

ASSIGNED RESERVES POLICY

PURPOSE

The OWWL Library System maintains reserve funds as part of a responsible fiscal planning strategy. These reserves provide a financial cushion for unexpected expenses or emergencies and promote long-term financial stability.

RESERVE CATEGORIES AND BALANCES:

- Specific reserve categories will be established by the Board of Trustees through a motion or resolution.
- The Executive Director and Finance Director are responsible for monitoring the balance of each reserve category to ensure they meet the established targets.

REVIEW AND REVISION:

- The Executive Director and Finance Director will regularly review reserve fund balances and present any proposed adjustments to the 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 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.

CURRENT BOARD APPROVED RESERVE FUNDS

Computer/Technology Reserve: This reserve is dedicated to financing substantial technology projects and unanticipated technology replacements that are not included within the annual budget allocation.

Capital Improvement Reserve: This reserve is designated to fund significant capital projects and infrastructure replacements, such as heating, ventilation, and air conditioning (HVAC) systems, siding, and roofing, which extend beyond the scope of the annual operating budget.

Vehicle Reserve: This reserve is solely used for the acquisition of new vehicles when necessary. The System typically replaces vehicles upon reaching 200,000 miles of service.

Cash-Flow Reserve: This reserve is established to ensure a sufficient level of cash flow to cover operational expenses incurred during our fiscal year. This reserve bridges the gap until state aid is received.

Annual Carryover Reserve: This reserve accounts for budgeted receipts and expenditures that remain outstanding at the conclusion of the fiscal year. These outstanding funds are approved for carryover into the operating budget for the subsequent fiscal year.

Categorical Aid Reserve: This reserve holds unallocated categorical aid funds that have not yet been designated for a specific project or activity. This reserve is further subdivided into the following categories:

1. Central Library Aid Reserve
2. Correctional Aid
3. Coordinated Outreach Library Services Aid

Emergency Reserve: This reserve serves as a financial safeguard in the event of significant reductions in state aid or shortfalls from other funding sources.

Legal Defense Reserve: This reserve is established to offset legal costs incurred as a result of lawsuits that could potentially impact the OWWL member libraries. The Board of Trustees has sole discretion over the expenditure of these funds.

*Amended: August 14, 2024; November 8, 2023; August 9, 2023; April 13, 2022;
October 13, 2021; September 9, 2020; January 13, 2016
Adopted: October 14, 2015*