

SERRA Reserve Fund Spending Policy

PURPOSE: To cover operating costs for a period of 1 year in case there is a funding crisis. The Reserve Fund is a checking and/or savings account consisting of any unallocated funds from prior years. The Fund shall be budgeted at a level that will cover operating expenses (including but not limited to administration of grants; local, state, and federal, and administrative costs determined between Serra and the contracted administrator, currently Southern California Library Cooperative) for a period of at least nine (9) months but no more than eighteen (18) months.

FUNDING LEVEL: Southern California Library Cooperative (SCLC) along with the Serra Treasurer will be responsible for determining the level of funding needed on an annual basis. At the (first or second or? To be determined) meeting of the calendar year, SCLC staff shall present to the Serra Executive Committee the information on the operating costs for the previous calendar year (a 12-month period). Staff will also present the Serra Executive Committee with information on the current amount in the Reserve Fund. The SCLC staff will make a recommendation to the Serra Executive Committee and Administrative Council at the council's subsequent meeting.

The recommendation will be one of the following: a) To increase the Reserve Fund in order to maintain an adequate level of funding; b) To decrease the Reserve Fund because it is over-funded; c) To make no changes to the Reserve Fund because the current level is adequate to meet the operating expenses if needed. The Administrative Council will approve or modify the SCLC staff recommendation at its subsequent meeting. SCLC staff will then be responsible for implementing the Administrative Council's decision no later than the beginning of the next fiscal year. The Reserve Fund will be tracked as a budget line item in financial reports to the Council.

The Reserve Fund may be used by staff in the following situations: To cover fiscal needs when there is a significant reduction or delay of California Library Services Act (CLSA) funding. Fund monies can be used to meet any and all obligations. To cover fiscal needs where there is a significant reduction or delay in receipt of Library Services and Technology Act (LSTA) funds and payments must be made to vendors. And to address other critical functions or needs as identified. SCLC will notify the Executive Committee and the Administrative Council when a need to use reserve funds is anticipated. The Reserve Fund account will be replenished from the system's available unrestricted funds upon authorization from the Administrative Council to maintain at recommended level.

Excess Reserve Spending Options Suggestions:

- A. Divide the full amount of the excess reserve \$482,000.00 (after deducting the yearly operational cost rounding up to \$200,000.00) by the percentage of dues paid by each member of Serra and doubling the percentage for smaller members with populations under 55000. Allow each organization to spend it as needed.
- B. Suspend dues until the excess reserve is spent.
- C. Divide all excess reserves to member library systems based on a sliding scale (to be determined) based on per capita income percentage average.

- D. Divide the \$482,000.00 into \$100,000.00 increments and allocate yearly budgets to the Serra committees in amounts of \$10,000.00 to \$20,000.00*, to be used by the committee for training of Serra Members staff, or materials or how the committees see fit.
- E. Use a portion of the Excess Reserve to support under funded library staff attendance to State and National Professional Association Conventions.
- F. Purchase materials, eqpt., etc. –
 - a. increase eBook budget in general (not one time only)
 - b. Look into magazines from OverDrive so customers have one place and not two to look at ematerials.
 - c. PressReader?
 - d. purchase devices for underserved customers for check out so they can use ebooks and other library resources
 - e. MiFis from State Library grant only come with a year contract. Negotiate contract after year one for all Serra libraries.