

Mystic & Noank Library Contingency Fund Policy

I. Purpose

The Mystic and Noank Library recognizes that the maintenance of a Contingency Fund is essential to ensure operational continuance while preserving financial sustainability.

The Contingency Fund is intended as a safeguard against unforeseen and emergency expenditures. Conditions warranting the Fund's use must be related to operational continuance under extraordinary circumstances, including, but not limited to, municipal budget cuts, environmental disasters, public health emergencies, and other unforeseeable events.

The intent of the Contingency Fund is not to support revenue shortfalls, expenses that could be reasonably anticipated, unbudgeted capital improvement projects or expansion of services.

II. Authority

Expenditures from the Contingency Fund are subject to the approval of the Library Board based upon a recommendation of the Finance Committee that specifies the amount to be expended and the specific purpose of such use. The Finance Committee will develop a plan and timeline within which to replenish the Fund.

III. Management

Management of the Contingency Fund will be overseen by the Finance Committee. A balance of no less than \$100,000 shall be maintained at all times, except such times when funds are released under the conditions outlined above. In order to achieve this objective, the Contingency Fund shall be invested in low-risk FDIC-insured accounts. If the balance exceeds \$110,000, funds may be released to reduce the balance to \$100,000. Funds released under such circumstances may be used at the discretion of the Library Board, based upon a recommendation of the Finance Committee, or may be deposited in the general fund.

Approved August 23, 2022

Mystic & Noank Library Board of Trustees