NOBLE Reserve Funds

Capital

Purpose

- Supports significant, one-time purchases of furniture, hardware, equipment.
- Seed money to start new NOBLE initiatives

Examples of recent capital expenditures

- FY22 Firewall / switch replacement project (in conjunction with network infrastructure funds)
- NOBLE office ergonomic furniture purchase
- Starter funds for ecard/erenew, Envisionware CloudNine Upgrade, Aspen implementation

Target level: $430,000

- Funds to perform a full switch / firewall replacement for NOBLE public libraries
    - Adding 40% to the $117,300 spent in FY22, I am estimating $165,000 for a full replacement.
    - Because we should consider replacing this equipment in FY27, we should maintain funds in capital for two series of switch / firewall replacements
- Another $100,000 to support seed money for new initiatives or other capital expenditures.

Ideal investment instrument

Short-term investments, money market account

Contingency

Purpose

Provides working capital in the event of a cash shortfall.

Target level: $1 million

The contingency funds should cover six months of operational expenses. In FY25, the network had $2.4 million in expenses, but these expenses included $523,795 in optional EBSCO subscriptions that do not need to be covered by the contingency fund.

Ideal investment instrument

Long-term investments

Network Infrastructure Funds

Purpose

These funds are awarded annually by the MBLC to support network infrastructure improvements. Eligible uses of the funds are server costs (no longer needed by NOBLE), firewalls and switches for member libraries, offset for cloud hosting fees, and cybersecurity initiatives.

For NOBLE, I recommend we primarily use the funds to offset cloud hosting costs and network monitoring fees, leaving a small balance ($20,000) in case there is an unexpected need to purchase equipment not covered under warranty. I have been leaving more than $20,000 in the account to cover a significant increase if we change network monitoring vendors.

Target level: $20,000

Ideal investment instrument

Short-term investments, money market account

Cloud Hosting Transition

Purpose

This designation was used for Payroll Protection Program funds that helped transition NOBLE to a cloud-hosting environment, starting in FY22. The funds will be fully expended by the end of FY26 and no longer available to offset assessment increases.

General Unrestricted

Purpose

These funds have been used to help offset assessment increases by being incorporated into the annual budgeting process. However, through underspending budget line items, staff turnover, and underestimating investment revenue, we have not yet dipped into these funds over the past three years.

I recommend continuing to work on incorporating these funds into the budget in a way that spends down the funds in a gradual manner that doesn't also create a situation where we become so reliant on this revenue that significant assessment increases are required to make up for these funds once they are spent down to the target level.

Target level: $500,000 (not including PC support funds)

Approved at the Annual Meeting of the Members: 5/21/2026