



## **Capital Reserve Fund Policy**

The purpose of the Capital Reserve Fund is to provide funding for non-recurring expenditures for repairs and improvements to the building, facilities, and grounds of the Geneva Public Library (“the Library”). Qualifying Capital Reserve Fund expenditures occur when an asset is purchased or acquired that will benefit the Library for the anticipated useful life greater than one year and meets the minimum item cost guidelines. Disbursements that add to the value or improve the usefulness of an asset also qualify as Capital Reserve Fund expenditures.

### **1. Budgeting and Surplus Transfers**

In order to ensure adequate capital project funding, the Library’s annual budget may include an allocation for “Transfers to the Capital Reserve Fund” in fiscal years where there are minimal or no capital expenses planned. The allocation will be communicated in the promotional materials for tax levy increases and the annual budget will be made available to the public in accordance with the Library’s Budget Policy.

At the end of the fiscal year, the amounts of non-capital operating income and expenses will be compared to establish whether there is a budget surplus. Surplus operating funds in excess of the Board Designated Fund Policy may be transferred into the Capital and/or Operating Reserve Funds at the discretion of a vote by the Board of Trustees (“the Board”). However, surpluses may not be budgeted in the Library’s annual budget and the Library must make a good faith effort to avoid surpluses if possible. The Library will report any transfers to any Board-established funds to taxpayers.

### **2. Capital Fund Investment**

Funds held in the Capital Reserve Fund shall be invested according to the policies outlined in the Library’s Investment Policy. All Capital Reserve Fund expenditures shall be made in accordance with the Library’s Bidding and Procurement Policy.

### **3. Capital Reserve Fund Expenditure Selection Process**

The Executive Director will make recommendations to the Finance Committee for possible Capital Reserve Fund expenditures. The Finance Committee will, in turn, make

recommendations to the Board. The Finance Committee and Board shall select capital expenditures based on the long-term benefit of the expenditure and the amount of available Capital Funds.

The Board must approve all expenditures from this fund. In the event that guidance or a decision is required in the management of these funds before the Board or Finance Committee can meet, the Executive Director will consult the Chair of the Finance Committee and the Board President, and Treasurer to determine what guidance is to be provided for a decision to be reached.

**Adopted by the Board of Trustees:** May 28, 2014

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