



## **Operating Reserve Fund Policy**

The purpose of the Operating Reserve Policy is to ensure the financial stability of the Geneva Public Library (GPL), a school district public library, by maintaining an adequate reserve of unrestricted funds to sustain operations during times of revenue shortfall, unexpected expenses, or emergencies. This policy supports long-term planning, promotes responsible fiscal stewardship, and protects the Library's ability to provide continuous service to the community.

### **1. Purpose**

The Library will strive to maintain an operating reserve equal to six months of average annual operating expenditures of the prior three fiscal years. The reserve is intended to:

- Offset unexpected revenue delays (e.g., delayed tax levy payments)
- Provide a cushion for unanticipated operating expenses
- Support operations during temporary financial hardship
- Allow strategic flexibility while awaiting grant reimbursements or other funding

This reserve is not intended to replace a permanent funding source but to serve as a financial safety net.

### **2. Use of Reserve Funds**

The Library Board of Trustees must approve any use of reserve funds. Use of funds will be considered under the following circumstances:

- Temporary cash flow shortages due to timing of revenue
- Emergency repairs or critical infrastructure failures not addressed through the Capital Reserve Fund
- Natural disasters or other unforeseen events that impair operations
- Bridge funding for time-limited needs approved by the Board

### **3. Funding the Reserve**

The reserve will be funded through:

- Unspent operating funds from prior fiscal years (i.e., fund balance)
- One-time revenue sources or surpluses

- Board-designated allocations from annual budget planning

#### **4. Monitoring and Reporting**

The Executive Director and Treasurer will monitor the reserve and report the balance to the Board monthly as part of the financial report. The reserve level will be reviewed annually during the budget process.

**Adopted by the Board of Trustees: 5/28/2025**

**Amended by the Board of Trustees: 5/27/26**

**Reviewed by the Policy Review Committee: 5/14/26**