

Reserve Fund Policy

The Graves County Board of Trustees is responsible for allocating the library's reserves, bearing both current and future library services in mind, into funds designated for specific purposes. The Board supports the Library's fiscal sustainability as its first priority when accumulating and holding assets for reasonable projected future needs. Having an adequate level of current assets is crucial to long-term maintenance of the Library's physical properties and services. These funds may also support the future expansion of the Library facilities, programs, and services as needs change over time. Having adequate reserves will also serve to avoid unnecessary borrowing and will improve the Library's credit rating when borrowing is necessary.

This reserve policy guides the Board of Trustees in providing financial stability by ensuring sufficient cash flow for day-to-day operations, allowing the Library to respond to emergencies, and replacing, repairing, or adding to capital assets in a timely manner. These policies are consistent with Kentucky Public Library Association standards and serve taxpayers by defining the need for the current assets held by the Library. To accomplish these goals, the Board has established the following reserve funds. The Board will distribute current assets to these reserve funds as set out below. The following reserve targets should be re-evaluated on a yearly basis to ensure that they are adequate. Monies may be re-apportioned among the various reserve funds as forecasted needs change.

Operational Reserve

By statute, the Library's fiscal year begins July 1, with the bulk of the Library's revenues expected to arrive six months later in December. To bridge this funding gap, the Board of Trustees will ensure that this fund contains an operational reserve at the end of the fiscal year in an amount capable of sustaining at least 6 months of operating expenditures.

Emergency Reserve

The Emergency Reserve may be used for unforeseen emergencies such as unusually late tax collection, replacement or major repairs to systems such as roof or HVAC, or any other circumstance that would hinder normal operations of the Library. The Board of Trustees will keep \$200,000.00 in this fund. This fund amount should be evaluated annually to confirm that it is still adequate to deal with foreseeable emergencies.

Capital Facility Reserve

The Capital Facility Reserve will be used to support long-term capital improvements including major furniture replacement, vehicle purchase or replacement, or construction projects that might occur over the next ten years. The Board of Trustees may consult with financial advisors, architects, or other consultants to determine capital needs over the ten-year period. This fund may also be used to provide for early retirement of debt such as bonds or loans related to prior construction and land acquisition projects. Money will be added to this fund as they are available after the other funds have met the targeted goals listed above at the discretion of the Board.

Adopted: 1-22-25