



Operating Reserve Account Policy

Policy: A fund has been established by the Board of Trustees to be identified and maintained as Operating Reserve. These are unrestricted funds set aside to stabilize the Library's finances in the event of unforeseen expenditures. Reasons for the need for an Operating Reserve Account include a funding reduction, cash flow shortage or expense that was not planned for. It is the policy of the Board of Trustees to have a goal of two months of operating expense as a "reserve."

Date: Approved February 26, 2018

Signature:

A handwritten signature in black ink, appearing to read "Joseph F. ...", is written over a light blue horizontal line.

Definitions: Reserve: Monies in the Library bank account identified not to be spent in the normal course of business.

Procedure:

1. Annually, after the financial audit is accepted, the Finance Committee shall make a determination of the dollar amount of two months of operating expenses.
2. The Finance Committee will present this information at the next meeting of the Trustees for appropriate action.
3. Number 1, above, will be the Operating Reserve amount until a further determination is made based upon the amount in the subsequent annual financial audit.
4. After the subsequent annual financial audit, a revised Operating Reserve amount will be determined.
5. In the event of a "surplus," the amount in #4 above, minus the amount in #1 above this "surplus" could be reallocated as determined by the Trustees.

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