



RESERVE FUND POLICY

Purpose:

WI State Statute [43.58\(1\)](#) states the Library Board shall have exclusive control of the expenditure of all monies collected, donated or appropriated for the library fund.

The Reserve Fund balance is defined as the difference between the assets and liabilities of the library fund. Excess funds for any given fiscal year are determined by the following formula: total revenue minus total expenditures. The Reserve Fund may also be referred to as contingency or carryover.

This policy is established to provide financial stability, cash flow for operations, and the assurance that the Library will be able to respond to emergencies with fiscal strength.

Financial Responsibility:

The Board of Trustees will make every reasonable effort to use all funds as budgeted. However, the Library Board will keep a portion of funds carried forward from previous years as a reserve, in response to these unexpected costs.

The Library Director, in conjunction with the McMillan Memorial Library Board of Trustees, will monitor revenue collections, expenditures, and availability of cash by reviewing monthly financial reports. The Library Director shall advise the Board whenever revenue projections suggest that revenue will fall short of expectations, unexpected expenditures will exceed budget, or fund target(s) may not be met by the end of the fiscal year.

Reserve fund balances may fall occasionally outside of the target ranges because of special projects, construction, emergencies, other extenuating circumstances, and/or levy restrictions.

Reserve Fund Balance Range:

It is the goal of the McMillan Memorial Library Board of Trustees to maintain no less than 10% and no more than 15% of operating expenses in the Reserve Fund.

Should the Reserve Fund fall below 10% of Reserve Fund revenues a plan for regaining compliance with the policy shall be submitted to the Library Board of Trustees. In the event the Reserve Fund Balance is above 15%, the Library Board may determine to allocate spending from the Library's fund balance for non-recurring expenditures.

Adopted by the McMillan Memorial Library Board of Trustees: December 18, 2024.