



# Reserves and Accumulation of Funds Policy

## Scope and Purpose

This policy is established to provide financial stability, sufficient cash flow to meet operating and capital improvement needs, and to secure debt obligations.

The Aurora Public Library District shall strive to create and maintain reserves as described below.

- A. Operating Reserves – Aurora Public Library District will strive to create, and then maintain and/or restore, a minimum balance equal to 180 days of the previous fiscal year’s budgeted operating expenditures to protect against financial instability, interruptions in revenues, economic downturns and any other unforeseen circumstances. Funds can be withdrawn to address the financial instability that would otherwise result in service impacts including, but not limited to, any of the following: Maintaining library hours and staffing levels, materials budget, technology budget and facilities budget.
- B. Special Reserves – Aurora Public Library District will strive to create, and then maintain, an amount sufficient to meet the Library’s capital needs as required. 100% of this balance shall be considered committed to capital projects and major building and system repairs. Balances held in the Special Reserves shall be supported by a Special Reserve Plan for the use of the funds.
- C. Debt Service Reserve – by the end of each calendar year, this Reserve may be drawn to meet the Library’s debt obligations and then restored the following calendar year.

All three of these reserves shall be kept in interest-bearing accounts and invested in accordance with the Library’s Investment Policy.

The Board will establish a replenishment plan if any of the reserves fall below acceptable levels.

Approved by the Aurora Public Library District Board of Library Trustees, February 24, 2021.