

COB - BOSAIR FORM

01/30/2026 7:54 AM (MST)

Submitted by Michele.Milensky@pima.gov



BOARD OF SUPERVISORS AGENDA ITEM REPORT (BOSAIR)

All fields are required. Enter N/A if not applicable. For number fields, enter 0 if not applicable.

Award Type: Agenda Item

Is a Board Meeting Date Requested? Yes

Requested Board Meeting Date: 02/17/2026

Project Title / Description: Board of Supervisors Policy for Library District Establishment and Use of Reserves.

Agenda Item Report

Introduction / Background:

The policy is being established to ensure that the district maintains adequate fund balance and cash reserves to provide sufficient working capital throughout the year including, supporting both operational and capital needs. It will also ensure a stable and predictable tax rate structure capable of withstanding significant economic downturns and provide one-time funds for unforeseen expenditures related to emergencies accessible with Board of Supervisors' approval.

Discussion:

The policy outlines the reserve requirements, allowable emergency expenditures, the tax rate structure and permitted use of reserves. It establishes a fund balance reserve equal to three months of the previous year's actual operating expenditures and a cash reserve equal to three months of the current year's budgeted operating expenditures. The purpose of the reserve is to provide fiscal stability and not serve as a funding source for new programs or projects. Any use of reserves must include a plan to restore the fund balance and cash reserves to the minimum required balance within three years.

Conclusion:

The proposed policy establishes clear guidelines for the Library District's reserve levels and use, ensuring sufficient financial stability to support ongoing operations, capital needs, and emergency responses while maintaining a predictable tax rate structure. By defining minimum reserve requirements and requiring a restoration plan for any reserve use, the policy promotes long-term fiscal responsibility and strengthens the district's ability to withstand economic uncertainty.

Recommendation:

Staff recommends the Board approve this policy to ensure sufficient reserves in the Library District and a stable and predictable tax rate.

Fiscal Impact:

There is no fiscal impact for the establishment of the policy. The district, under advisement of the Library District Advisory Board, will request Board consideration of changes to the secondary tax rate as part of the annual budget process.

Support of Prosperity Initiative:

N/A

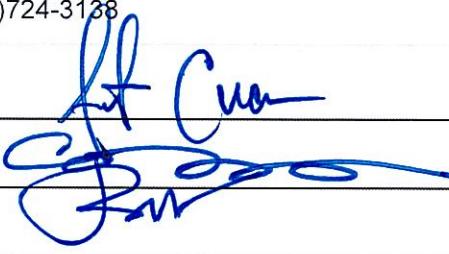
Provide information that explains N/A
how this activity supports the
selected Prosperity Initiative

Board of Supervisor District: • 1
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Department: Finance

Name: Art Cuaron

Telephone: (520)724-3138

Department Director Signature:  Date: 1-30-2026

Deputy County Administrator Signature:  Date: 2/3/2026

County Administrator Signature:  Date: 2/3/2026



PIMA COUNTY, ARIZONA BOARD OF SUPERVISORS POLICY

<u>Subject:</u> Library District Establishment and Use of Reserves	<u>Policy Number</u>	<u>Page</u>
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Purpose

To establish a policy for the maintenance and use of reserve accounts for the Library District Fund in Pima County. This policy outlines the process for achieving and maintaining targeted fund balance and cash reserve levels, as well as their specific uses.

Background

This policy ensures that the Library District Fund maintains appropriate fund balance and cash reserves to:

- Provide sufficient working budgetary capital to meet cash flow requirements throughout the fiscal year including the adequate funding of Library operations, facility needs, and the Pima Early Education Program as authorized by a vote of the Board of Supervisors, County Administration, or through the use of contingency funds under Board of Supervisors Policy D 22.15, "Use of Contingency."
- Ensure a stable and predictable tax rate structure capable of withstanding significant economic downturns.
- Provide one-time funding for unforeseen emergency expenditures, accessible with Board of Supervisors' approval.

The Department of Finance and Risk Management conducts an annual analysis of the fund balance and cash reserves. This evaluation considers department operations, capital needs, and the sufficiency of revenue from existing tax rates to determine whether tax rate increases are necessary.

Definitions

Fund Balance Reserve: The required balance in the Library District Fund, calculated as the difference between net operating income and operating expenditures, including transfers.

Cash Balance Reserve: The required cash balance in the Library District Fund.



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Policy

A. Maintaining Library District Fund and Cash Balance Reserves

1. To ensure the Library District maintains adequate fund balance reserves, the following guidelines shall apply:

a. Reserve Requirements:

- Maintain a fund balance reserve equal to three months of the previous year's actual operating expenditures.
- Maintain a cash balance reserve equal to three months of current year's budgeted operating expenditures.

b. Emergency Expenditures:

- In the event of an emergency expenditure that cannot be covered by reducing operating expenses, the department will request to access reserve funds from County Administration. County Administration will review the request and present it to the Board of Supervisors for consideration.

c. Tax Rate Structure:

- Structure library tax rates to ensure sufficient reserves to meet the requirements outlined above.

d. Use of Reserves:

- The Board of Supervisors may approve the use of reserves for exclusive use by the Library District for:
 - Operating emergencies such as a natural disaster or other unforeseen catastrophic event. The reserve will be used to respond to extreme, onetime events, such as earthquakes, fires, floods, civil unrest, terrorist attacks and pandemics and such instances as described above when expenditures are necessary to ensure the safety of the County's residents and Library property.
 - Unanticipated budgetary shortfalls affecting the Library District. The Library is the only department funded by the secondary property tax that utilizes this fund throughout the fiscal year to support both operational and encumbered capital expenses.



PIMA COUNTY, ARIZONA BOARD OF SUPERVISORS POLICY

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- The purpose of this reserve is to provide fiscal stability and not serve as a funding source for new programs or projects. It is not intended to mitigate the impact of an operational deficit within a department or across programs and departments. Any use of reserves must include a plan to restore the fund balance and cash reserves to the minimum required balance within three years. The department will make every effort to replenish the fund balance and cash reserves as quickly as possible. The replenishment period may not exceed three years without the express approval of the Board of Supervisors.

e. Ongoing Monitoring and Compliance:

- Library Administration, under advisement of the Library District Advisory Board, the Library Administration will monitor the financial condition of the fund every six months and make recommendations as appropriate.

Responsible Department