

Maximum Operating Reserve

Initial question from librarian: I'm preparing our 2011-2012 budget and want to make sure that we're not near the limit on our operating reserve. Do you know what percentage of the budget can legally be put aside as a reserve?

Response from Tracy Cook – May 23, 2011

The Montana Code doesn't specify a specific limit for libraries, but in general I recommend following the rules for the city or county. In your case I would recommend the county, since you are a district. According to MCA 7-6-4034 (<http://data.opi.mt.gov/bills/mca/7/6/7-6-4034.htm>) counties are limited to 1/3 of the total amount authorized to be spent. Since you are a smaller entity that might not be enough, and I think you could make a strong argument for placing more money in reserve. However I wouldn't go over the 50% amount listed for cities. -Hope this helps, Tracy