

## Fund Balance Policy

The Fund Balance Policy establishes a minimum level at which the projected year-end fund balance of each fund should be maintained. 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.

The following parameters will be used as part of the budget process to establish targets for the following funds:

Library Capital Improvement Fund – This fund shall be maintained in order to reserve funds (special reserve funds) which are to be used in capital improvements, paying mortgages, or expenses associated with building and maintenance.

Library Foundation Fund – This fund shall be maintained in order to reserve funds which have been gifted, donated, endowed or bequeathed to the Library. This fund may be expended towards any expense budgeted for, unless the original donor restricted the use of the funds.

General Fund – The year-end balance for the General Fund shall represent no less than three months of expenditures. At year-end, with Board approval, any funds in excess of the three month target may be transferred from the General Fund to any other fund that does not meet its revenue goal, including the Library Capital Improvement Fund.

In all cases, deferred property tax revenue will not be included in the year-end fund balance amount.

Unexpected situations may cause the General Fund to fall below the minimum level. The Library Director is responsible for regularly monitoring revenue and expenditures. If, during the year, projections suggest that revenue will not meet expectations and the fund target(s) will not be met at year-end, then the Director will take the following actions to reach the goals established in the adopted budget:

- Determine if resources in other funds may be utilized to cover the shortfall,
- Review expenses with staff,
- Reduce capital asset expenditures,
- Reduce operational expenditures, where appropriate, while maintaining the adopted budget goals, and
- Present to the Board of Trustees other expenditure control options, including those that might modify the goals established in the adopted budget.
- Explore plans and options regarding increased library revenues (fundraising steps, grant awards, fees and charges and property taxes)