



ZION-BENTON PUBLIC LIBRARY

Fund Balance Policy

Purpose

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

Zion-Benton Public Library District is committed to responsible accounting of all public funds and that those funds are expended on providing library services to the community. In a given fiscal year, the Board makes every effort to use funds as budgeted and any excess funds will be classified in the manner determined by this policy.

Fund Balances (revenues minus expenditures) will be classified into one of five categories as described below. Although not inclusive, Fund Balances may be used for cash flow requirements, projected building and grounds maintenance and improvement needs, projected technology requirements, special projects and other purposes to insure a fully operational library. The division of these funds will be decided upon and approved by the Board as part of the annual budget process.

Definitions

Generally accepted accounting principles provides for five types of fund balance. Following is a brief definition of each type:

- a) Non-spendable Fund Balance: Resources that cannot be spent because they are not in spendable form, such as inventory and prepaid items. Resources may also be non-spendable because of legal or contractual requirements.
- b) Restricted Fund Balance: Resources that are subject to constraints by external parties or laws.
- c) Committed Fund Balance: Formal constraints or limitations placed on resources by the highest level of decision-making authority at the government. In the Library's case, this would be the Board of Library Trustees.
- d) Assigned Fund Balance: The portion of net position that is set aside (earmarked) for particular purposes. This differs from Committed Fund Balance in that it may have been established in a less formal method, and the authority to assign the resources may have been delegated to another individual, such as the Director.
- e) Unassigned Fund Balance: Net resources that do not fall into one or more preceding four fund balance types. There are no formal or informal restrictions, commitments, or assignments to this portion of fund balance.



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It is recommended that from the General Fund Balance, the Library will set aside a minimum fund balance (reserves) of 25-75% of the previous year's total final actual expenditures as stated in the Audit Report.

The Library will spend the most restrictive fund balances first and in the following order: 1. Restricted, 2. Committed, 3. Assigned, 4. Unassigned. Assigned fund balances can be designated by the Library Director, within budgetary guidelines established by the Board. Unassigned fund balances are available and expendable for any library purpose.

Monitoring Targets

The Library Director in conjunction with the Zion-Benton Public Library District 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. Fund balances may fall occasionally outside of the target ranges because of special projects, construction, emergencies, other extenuating circumstances, and/or levy restrictions.

Adopted by the Board of Trustees: November 24, 2015, **Revised January 28, 2020**