

Johnson Creek Public Library Library Fund Balance Policy

The Johnson Creek Public Library (JCPL) recognizes that the maintenance of a fund balance is essential to the preservation of the financial integrity of JCPL and is fiscally advantageous for both JCPL and the taxpayer. This policy establishes goals and provides guidance concerning the desired level of funds maintained by JCPL to mitigate financial risk that can occur from unforeseen revenue fluctuations, unanticipated expenditures, and emergency circumstances.

The Library Fund Balance is the yearly audited result of revenues/expenditures and is considered the operating reserve for JCPL. It consists of the following:

Committed Fund Balance – This is the monies committed to outstanding invoices and deposits, as determined by financial auditors at the end of a fiscal year.

Assigned Fund Balance- This is where monies are assigned for known future expenditures. The JCPL Board of Trustees can assign the funds to the extent such assignment does not create a negative Unassigned Fund Balance. Monies set aside for compensated absences, retirement obligations, library improvements, and contingencies are some of the examples to be included in the Assigned category.

Unassigned Fund Balance – This is the residual classification for the Library Fund Balance and acts as an emergency fund for unknown future expenses. The total Library Fund Balance less amounts categorized as Committed and Assigned equals the Unassigned Fund Balance. An amount in excess of 15% yearly operating budget is to be considered for assignment. If the Unassigned Fund Balance at the end of a fiscal year end falls below this goal, the JCPL Board of Trustees shall develop a restoration plan to maintain the fund balance.

The long-term goal for the fund balance is to achieve and then maintain a Library Fund Balance that appropriately covers known future expenses and provides enough of a safeguard to alleviate the need to borrow short-term for operational cash flow needs in an emergency. The Library Fund balance shall not be used for recurring costs in the operating budget.

Current year budgetary considerations get first priority, then the Library Board will strive to build the Unassigned Fund Balance. Whereas any audited unspent budget funds are automatically transferred to the Unassigned section of the Library Fund Balance, each withdrawal or Assignment shall require JCPL Board of Trustees' approval.

Johnson Creek Public Library Board of Trustees
Approved: December 15, 2020