Finance – Fund Balance Policy

A Fund Balance Policy establishes a minimum level at which the projected end-of-year fund balances should be maintained. This policy is established to provide financial stability, cash flow for operations, and maintenance of an adequate fund balance to ensure that the Fox River Valley Public Library District will be able to respond to emergencies with fiscal strength.

Definitions – Government Accounting Standards Board (GASB) Statement 54

*Nonspendable Fund Balance* – assets that are not in a spendable form (prepaids) or are required to be maintained intact (the principal of a permanent fund).

*Restricted Fund Balance* – the portion of a fund that consists of amounts that are subject to externally enforceable legal restrictions or are restricted through legislation adopted by the Library Board.

*Unrestricted Fund Balance* – The total of the *Committed, Assigned* and *Unassigned* Fund Balances

1. *Committed Fund Balance* – the portion of a fund that consists of amounts that are subject to a self-imposed limitation placed there by formal action of the Board. Modification or removal of the limitation may only occur through formal action by the Board.
2. *Assigned Fund Balance* – the portion of a fund that the Board intends to use for a specific purpose. Intent may be expressed by the Board or may be delegated to the Director.
3. *Unassigned Fund Balance* – the portion of a fund that is available for any purpose.

FRVPLD Funds & Targets

The order of spending fund balances is as follows: restricted, committed, assigned, unassigned.

*General Fund –* the General Fund is the operating fund of the Library. Total *unrestricted fund balances* *(committed, assigned and unassigned)* in the General Fund should represent no less than three and no more than twelve months of operating expenses. Balances over the maximum at the end of the fiscal year shall be transferred to the Capital Projects fund.

*Special Revenue Funds* – Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are legally restricted (tax levy) or committed (by the Library Board) for specific purposes other than debt service or capital projects. Increases and decreases in the fund balances are associated with specific purposes: therefore, no target range is established for these funds.

*Capital Project Funds* – Capital Project Funds are used to account for and report financial resources for capital maintenance and repair, construction and / or development. Increases and decreases in the fund balance are associated with the specific projects planned: therefore, no target range is established for this fund.

*Debt Service Funds* – Debt Service Funds are established to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The fund balance is fully restricted for debt service; however, any fund balance remaining once all financial obligations have been satisfied may be transferred to the Capital Projects Fund.

*Permanent Funds* – Permanent Funds are used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government’s programs – for the benefit of the government or its citizenry. Increases and decreases in the fund balance are associated solely with transfers to other Library accounts: therefore, no target range is established for this fund.