**Portage Lake District Library Fund Balance Policy**

The purpose of this policy is to provide guidelines for the Board in establishing appropriate minimum fund balance amounts to ensure the integrity of the Library can be maintained currently and in the future. The Library’s financial stability and flexibility will be enhanced by maintaining adequate fund balances to: provide sufficient cash flow for daily financial needs; provide for operating expenses from July – June of each year; plan for future capital improvements and maintenance; offset unexpected economic downturns, emergencies, and revenue shortfalls. Without an adequate fund balance, unforeseen expenses or revenue shortfalls could result in reductions in services, and/or deferred investment in and maintenance of infrastructure.

**Fund Balance Definitions:**

**Restricted Fund Balance**
Amount available for spending but restricted due to external limitations placed on the use of the funds. The restriction typically comes as a condition of the revenue source (i.e., Memorial Funds).

**Committed Fund Balance**Amount available for spending but committed by a limitation defined by formal action of the Board, this limitation remains in effect until formal action is taken to remove it. The minimum Committed Fun Balance at the end of the fiscal year shall be no less than 50% of the next fiscal year operation budget.

**Assigned Fund Balance Funds**

The Portage Lake District Library will maintain two Assigned Fund Balance Funds.

The first Assigned Fund Balance Fund shall be for Building Repairs. The minimum balance at the end of the fiscal year shall be no less than $40,000.

The second Assigned Fund Balance Fund shall be for Technology. The minimum balance at the end of the fiscal year shall be no less than $20,000.

**Unassigned Fund Balance**Any amount, not restricted or committed, that is available for spending. The goal of the Library will be to maintain a minimum Unassigned Fund Balance of 25% of the next fiscal year operating budget. The Library considers an unassigned fund balance of less than 25% cause for concern barring unusual or deliberate circumstances.

In the event that a fund balance drops below the established minimum level, the Board will approve a plan to replenish the fund balance in a timely manner.

When both committed and unassigned funds are available for a considered expenditure, the Board will assign funds appropriately.

Compliance with the provisions of this policy shall be reviewed and reported to the Board as part of the annual budget preparation and adoption process and completed prior to the end of the fiscal year.