



FUND BALANCE MANAGEMENT POLICY

Policy Number: 019

Effective Date: 12/01/2019
Authorized by: Board of Trustees

Review Date: 12/01/2026
Approved November 20, 2019

1) Purpose:

To provide direction on fund balance management for the orderly and efficient management and control of Timberland Regional Library's (TRL) operations.

2) Scope:

This policy applies to financial reporting requirements related to budget review and adoption each year.

3) Background:

Fund balance allocations between the General and special purpose funds are limited to those required to meet accounting requirements and planning needs.

4) Definitions:

A. General Fund: This fund is used to carry out TRL's normal operation and maintenance activities.

B. Building Fund: This special purpose fund is used to accumulate financial resources restricted to the payment for building, maintaining and/or remodeling of TRL-owned library facilities, and to aid in the design and/or planning of city-owned TRL facilities.

C. Technology Fund: This special purpose fund is used to accumulate financial resources restricted to the payment for purchase and implementation of TRL's technology system; library materials inventory control system, major purchases of computer equipment, and major purchases of telecommunications equipment.

D. Unemployment Fund: This special purpose fund is used to accumulate resources restricted to the payment for unemployment compensation benefits coverage in a self-insurance plan administered by the Washington State Department of Labor and Industries.

E. Assigned Fund Balance: Amounts TRL intends to use for a specific purpose.



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F. Unassigned Fund Balance: Amounts available for any purpose; these amounts are available only in the General Operating Fund.

5) Policy:

- A. It shall be TRL's policy to provide a minimum beginning assigned fund balance of 30% of the budgeted revenues from the proposed budget for normal operation and maintenance activities.
- B. It shall be TRL's policy to accumulate financial resources for potential future uses in the special purpose funds: Building Fund, Technology Fund, and Unemployment Fund. Consequently the assigned fund balance in each shall have no minimum balance requirement.
- C. It shall be TRL's policy to transfer the unassigned beginning fund balance to TRL's special purpose funds as part of the annual budget process.
- D. If General Fund reserves are depleted so that a minimum beginning fund balance is not possible, a plan for restoration shall be developed for the Board of Trustees' approval in order to restore the balance within a specified time. The restoration plan may include such recommendations as expenditure adjustments, fee adjustments, and/or transfers from the special purpose funds into the General Fund as may be appropriate.

6) References:

None.

7) Citations:

GASB 54.

By the enactment of this policy the Board of Trustees of Timberland Regional Library is concurrently rescinding any prior policy or procedure within TRL that is either in conflict with or expansive of the matters addressed in this policy.