



## **Fund Balance and Net Assets policy**

*Approved 9/13/2016*

*Revised 11/27/2018*

Libraries must not only think about meeting the current needs of patrons in their preferred manner, they must also position themselves to meet patron's future needs via new information delivery systems and the implementation of new services. Decisions need to be made about how much of the library's resources are to be dedicated to providing information via traditional means versus how much will be expended to support new technologies. In addition, given the continued growth of Bullitt County's population, we must be prepared to expand our reach beyond our current buildings.

It is the Bullitt County Public Library Board of Trustees' philosophy to support fiscal sustainability as our first priority while also building funds for future needs. Adequate fund balances and net asset levels are crucial in long-term financial planning and in the execution of capital projects. The purpose of such a policy is to provide financial stability, cash flow for operations, and the assurance that the Library will be able to respond to emergencies and capital projects with fiscal strength.

The following parameters will be used as part of the budget process to establish targets for the following funds:

### **Operating Fund**

The Operating Fund is the general operating fund of the Library. It is used to account for administrative, library, and all financial resources, except those accounted for in another fund. This fund also will be set to contain a reserve amount capable of funding no less than six months of operating expenditures, as recommended by the Kentucky Public Library Association Standards Committee, to cover any possibility of delayed tax income receipt or other large income delays. The Board of Trustees may transfer funds over the reserve minimum to the other Funds through Board resolution.

### **Emergency Reserve Fund**

Emergency Reserve Fund monies are solely for the purpose in case of emergencies that directly affect the ability of the Library to provide normal services to the community (e.g. damages to a facility, failure of network and/or central server, etc.). Emergency Reserve Fund levels match cost projections planned for by the Board of Trustees.

### **Capital Projects Fund**

The Capital Projects Fund is for new or ongoing capital projects for the library, such as land acquisition, construction or remodeling of buildings or other structures, and large-scale furniture or equipment purchases. This fund allows the Library to add or improve services and locations without impacting the operating budget for existing services and locations. The Capital Projects Fund is filled from surplus monies from the Operating Fund or from monies no longer needed for our other Funds as seen fit by the Board of Trustees.

## **Kentucky Retirement System Pension Liability Fund**

A fund to account for potential liabilities caused by the Bullitt County Public Library's participation in the Kentucky Retirement System. Fund balances are determined based on the figures provided via the Kentucky Retirement System Proportionate Share Audit Report.