

**FUND BALANCE POLICY**

The Fund Balance Policy establishes a minimum level at which the projected year–end fund balance of each fund should be maintained. This policy is established to provide financial stability, cash flow for operations and the assurance that the District will be able to respond to emergencies with fiscal strength.

If the Board of Trustees adopts a budget that does not meet the parameters of this policy, then the budget will include a plan for adhering to the policy within a five–year period.

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

Special Reserve Fund – The Special Reserve Fund shall be maintained in accordance with the last adopted Special Reserve Fund Ordinance. The Special Reserve Fund is 100% committed for projects identified in the Special Reserve Fund Ordinance.

Alba Lemos Gift Fund – At minimum, the Gift Fund will maintain the original principal amount of any bequest or memorial deposited to the Fund. Any interest may be utilized for expenses identified in the budget process.

Corporate Fund and Working Cash Fund – The year–end balance for the Corporate Fund together with the year–end balance for the Working Cash Fund shall represent no less than three months of expenditures. At year–end, any funds in excess of the three month target may be transferred from the Corporate Fund to any other fund that does not meet its target, including the Special Reserve Fund.

All Other Funds – The year–end balance for all other funds (other than debt service and capital project funds) shall represent no less than three months of expenditures.

In all cases, deferred property tax revenue will not be included in the year–end fund balance amount.

Unexpected situations may cause the District to fall below the minimum level. The Library Director is responsible for regularly monitoring revenue and expenditures. If, during the year, projections suggest that revenue will not meet expectations and the fund target(s) will not be met at year-end, then the Director will take the following actions to reach the goals established in the adopted budget:

- Review expenses with Management Team,
- Reduce capital asset expenditures,
- Reduce operational expenditures, where appropriate, while maintaining the adopted budget goals, and
- Present to the Board of Trustees other expenditure control options, including those that might modify the goals established in the adopted budget.