

## **Superiorland Library Cooperative Fund Balance Policy Adopted June 30, 2017**

The Board of Directors of the Superiorland Library Cooperative has approved the Fund Balance Policy to meet the requirements of the Government Accounting Standards Board Statement #54 and to establish guidelines for maintaining Fund Balance Accounts.

The Fund Balance Policy is intended to provide for financial stability for the Superiorland Library Cooperative, provide sufficient cash flow for daily needs, and allow the Cooperative to meet challenges that may be caused by

- Loss of Cooperative Membership
- Declining Revenues
- State Aid Reductions
- Emergencies or Natural Disasters

The Governmental Accounting Standards Board defines the following categories for fund balances.

- Non-Spendable Fund Balance—funds that are not in spendable form such as inventory and prepaid expenses that must remain intact.
- Restricted Fund Balance—amounts constrained to specific purposes by external providers or higher levels of government.
- Unrestricted Fund Balance—amounts available for use under the following sub-category restrictions:
  - Committed Fund Balance are constrained to a specific purpose by the governing body. Committed amounts can only be imposed, removed or modified by formal action of the governing body (approved by a formal resolution of the full Board of Directors).
  - Assigned Fund Balance are intended to be used for specific purpose(s). Intent can be expressed by the governing body or recommended by an official delegated by the governing body or the Executive Director of the Superiorland Library Cooperative.
  - Unassigned Fund Balance are funds in excess (surplus) of the categories described above in the General Fund only. By their nature, other funds are established to account for revenues that are expended for specific purposes and therefore do not have unassigned fund balance.

### **Restricted Fund Balance**

The Superiorland Library Cooperative Restricted Fund Balance will consist of the  
Marge Lilja Memorial Fund

### **Committed Fund Balance for Cash Flow**

The Superiorland Library Cooperative will maintain a Committed Fund Balance in the General Fund sufficient to provide operating cash flow and protect against cash flow shortfalls related to interruption of revenues.

The Committed Fund Balance of the General Fund will contain an amount equal to 100% of the average of the previous three (3) years' revenue from State Aid. These funds cannot be spent or reassigned without the approval of the Superiorland Library Cooperative Board of Directors.

### **Assigned Fund Balance Funds**

The Superiorland Library Cooperative will maintain four Assigned Fund Balance Funds.

- Assigned Fund Balance-Unfunded Pension Liability
- Assigned Fund Balance-Capital Improvements
- Assigned Fund Balance-Program and Services Enhancement
- Assigned Fund Balance—Accrued Leave

**The Assigned Fund Balance-Unfunded Pension Liability** will be used to defray the unfunded pension liability for the Superiorland Library Cooperative's MERS plan.

**The Assigned Fund Balance Fund-Capital Improvements.** Capital improvements will be defined as permanent structural modifications to the SLC facility or property in an amount of \$1,000 or above. The purchase of any one item at a cost of \$1,000 or above will be considered a capital asset.

**The Assigned Fund Balance for Program and Services Enhancement** can be used to purchase databases, licenses, equipment, professional and contractual services or materials to improve and enhance Cooperative Programs and Services to member libraries. These funds can also be used as matching funds for grants.

### **Unassigned Fund Balance**

Should there be surplus unassigned fund balance, the Superiorland Library Cooperative will use such fund balance surpluses for one-time expenditures that are nonrecurring in nature or to make an investment in Cooperative programs and services.

The Executive Director and SLC Finance and Budget Committee shall annually determine assigned fund balances for each category based on fiscal year data.

The Superiorland Library Cooperative Board of Directors shall annually review the allocations to fund balance categories prior to the end of the fiscal year.

Any and all use of the Fund Balance Accounts will be recommended by the SLC Finance and Budget Committee and must be approved by the Superiorland Library Cooperative Board of Directors in formal Board action.

Approved:        June 30, 2017