AUTHORITY AND RESPONSIBILITY:

The Live Oak Public Libraries Board of Trustees and the Regional Library Director have the responsibility for establishing policies governing library staff and programs of service including for the proper stewardship of public funds.

PURPOSE:

The purpose of this policy is to establish 1) a target level for the Library’s unassigned fund balance and 2) allowable uses of fund balance. This policy is to ensure the Live Oak Public Libraries’ financial stability by maintaining appropriate reserves to provide a sufficient cash flow for current financial needs and protect the Library against economic downturns, funding reductions, and emergencies.

FUND TYPE DEFINITIONS:

The following definitions will be used in reporting activity in governmental funds for Live Oak Public Libraries.

The General Fund is used to account for all financial resources not accounted for and reported in another fund. (The Library’s general fund is made up of several subfunds: Chatham County Fund, Liberty County Fund, Effingham County Fund, Regional Fund, and Liability Fund).

Special Revenue Funds are used to account and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specific purposes other than debt service or capital projects.

Capital Projects Funds are used to account for all financial resources restricted, committed or assigned to expenditure for the acquisition or construction of capital assets.
FUND BALANCE CATEGORIES:

Fund Balance is the difference between a fund’s assets and liabilities and is a measure of “available spendable financial resources.” Fund balance is increased or decreased from year to year through the excess/deficit of revenues less expenditures.

Fund balance will be reported in governmental funds under the following categories using the definitions provided by GASB Statement No. 54:

Non-spendable fund balance includes amounts that cannot be spent because they are either (a) not in a spendable form or (b) legally or contractually required to be maintained intact.

Non-spendable amounts will be determined before all other classifications and consist of the following items:
- The balance of any long-term outstanding balances due from others (including other internal funds).
- The value of prepaid items and any inventory balances.
- The principal of any permanent funds held and legally or contractually required to be maintained intact.
- The balance of any nonfinancial assets held for sale.

Restricted fund balance includes amounts that can be spent only for the specific purposes stipulated by the constitution and by-laws, external resource providers, or through enabling legislation.

Committed fund balance includes amounts that can be used only for the specific purposes determined by a formal action of the Board of Trustees. A majority vote is required to approve a commitment or to remove a commitment.

Assigned fund balance includes amounts intended to be used by the library for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed.

Authority to assign— the Board of Trustees delegates to the Executive Director and Finance Director the authority to assign amounts to be used for specific purposes. Such assignments cannot exceed the available (spendable, unrestricted, or uncommitted) fund balance in any particular fund.
Unassigned fund balance includes the residual classification for the Library’s general fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classification should be used only to report a deficit balance from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

PRIORITIZATION OF FUND BALANCE USE:

When an expenditure is incurred for purposes for which both restricted and unrestricted amounts are available, it shall be the policy of Live Oak Public Libraries to consider restricted amounts to have been reduced first. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it shall be the policy of Live Oak Public Libraries that committed amounts would be reduced first, followed by assigned amounts and then unassigned amounts.

MINIMUM FUND BALANCE:

The Library will strive to maintain an undesignated portion of Fund Balance in each of the General Fund operating sub-funds (Chatham County Fund, Liberty County Fund, Effingham County Fund, and Regional Fund) that is equal to at least three months of operating expenditures, but no more than six months of operating expenditures.

When approving an annual budget, the Regional Board will not use any portion of Fund Balance to cover a budget shortfall if the current undesignated portion of Fund Balance is less than three months of operating expenditures unless requested by the County providing the funding.

If the Fund Balance of any General Fund operating sub fund is less than three months of operating expenditures, the Regional Board must adopt a plan to replenish the reserves to the minimum level.

If the undesignated portion of Fund Balance in any operating fund exceeds six months of operating expenditures at the end of a fiscal year, with the approval of the Board of Trustees, the excess will be transferred to the undesignated project within the Capital Projects Fund. Regional Board approval is needed to designate a new project within the Capital Projects Fund and to transfer the funds from the undesignated project to the appropriate project for spending.
USE OF FUND BALANCE:

Revenue Reduction
If an outside funding agency reduces revenue subsequent to an approved budget, with the approval of the Regional Board, fund balance can be used to offset the reduction in revenue.

Emergency Declaration
If a local, state, or federal emergency/disaster has been declared, the Executive Director, Finance Director, and Board Chair have the authority to spend fund balance to address the organization’s needs from that emergency/disaster.

In all other situations, Fund Balance cannot be spent without approval of the Regional Board.