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## **Fund Balance Policy**

The Kent Public Library believes that sound financial management principals require that all public funding received should be expended on providing library services to the community. Excess funds for any given fiscal year are determined by the following formula: total revenue minus total expenditures equals fund balance.

The Board will make every effort to use all funds as budgeted, but any excess funds will be separated, subject to cash flow requirements, projected building maintenance and improvement needs, projected technology requirements and approval of the Board, into the Capital Fund and/or left in the General Fund as an Unreserved, Undesignated Accumulated Fund Balance.

Capital Funds are restricted funds intended for the maintenance and improvement of library services through its facilities, grounds, and technologies. Excess funds designated for the Capital Fund will be transferred into the Capital Fund within 14 days of receipt and/or of Board approval of the annual fiscal audit.

The Unreserved, Undesignated Fund Balance consists of excess funds not designated as Capital Funds that are available for appropriation at the discretion of the Board. However, the Board will make every effort to use these undesignated funds for non-recurring expenditures, as they represent prior year surpluses that may not materialize in subsequent fiscal years. The accumulated fund balance may be used in the next year's budget

The Treasurer and the Library Director shall annually prepare a report documenting the status of the fund balance with this policy and present it to the Board in conjunction with the development of the annual budget. Should the report disclose there are unreserved, undesignated funds available; a recommendation for use of said funds shall be presented to the Board in the report.

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Approved by the Kent Library board on May 19, 2009

Review Cycle: 3 years

Review History: 10/24/12; 10/20/2015, 11/28/2017,1/19/2021