



Mesa County Libraries (MCL) reserve funds shall be identified as nonspendable, restricted, committed, assigned, or unassigned reserves.

	Classification	Definition
Restricted Fund Balance	Nonspendable	Resources that are not in a spendable form <ul style="list-style-type: none"> o Inventories o Prepaid items
	Restricted	Amounts subject to externally enforceable legal restrictions <ul style="list-style-type: none"> o State-mandated reserves, such as TABOR requirements o Funds specifically mandated for debt service o Future legal requirements which may be placed on the library district
Unrestricted Fund Balance	Committed	Resources whose use is constrained by a limitation that a government imposes upon itself at its highest decision-making level. The decision to classify funds as committed reserves requires approval by the MCL Board of Trustees. <ul style="list-style-type: none"> o Liquid assets for cash flow, no less than three months' worth of operating expenditures o Funds for future major maintenance and improvements based on a detailed replacement schedule o Other funds restricted by the MCL Board of Trustees
	Assigned	Any other monies in the general fund identified with a specific intended use
	Unassigned	Amounts that are not placed into any other reserve category listed above

Restricted, committed, and assigned reserves shall be reserved and invested in accordance with the MCL Investment Policy or as otherwise required.

MCL is committed to maintaining a prudent level of financial resources to protect against the need to reduce service levels because of temporary revenue shortfalls or unpredicted expenditures. MCL requires a minimum reserve consisting of restricted and committed reserves as stated above. Reserves may be accessed in the event of unexpected expenditures up to the minimum established level upon approval of a budget amendment by the MCL Board of Trustees. Any budget amendment that will result in reserves dropping below the minimum level will require the approval of a majority of the MCL Board of Trustees. In the event that the balance drops below the established minimum level, the MCL Board of Trustees will develop a plan to replenish the fund balance to the established minimum level as soon as fiscally appropriate.

This policy and the allocation of actual reserves will be evaluated annually by the MCL Finance Director to ensure compliance with Governmental Accounting Standards Board guidelines, and any proposed changes will be presented to the MCL Board of Trustees for approval.

REVIEWED AND ADOPTED ON JULY 30, 2020.

Barry Blanchard

Chris Mahre

Barry Blanchard – MCPLD Board President

Chris Mahre – MCPLD Board Secretary

