



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"> <li>o Inventories</li> <li>o Prepaid items</li> </ul>
	Restricted	Amounts subject to externally enforceable legal restrictions <ul style="list-style-type: none"> <li>o State-mandated reserves, such as TABOR requirements</li> <li>o Funds specifically mandated for debt service</li> <li>o Future legal requirements which may be placed on the library district</li> </ul>
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"> <li>o Liquid assets or cash flow, no less than three months' worth of operating expenditures</li> <li>o Funds for future major maintenance and improvements based on a detailed replacement schedule</li> <li>o Other funds restricted by the MCL Board of Trustees</li> </ul>
	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 of no less than an average of three months' worth of the current year's budgeted operating expenditures. The MCL Board of Trustees (the Board) will be notified when reserves drop below six months' worth of operating expenditures.

Reserves may be accessed in the event of unexpected expenditures up to the minimum required level upon approval of a budget amendment or resolution by the Board. Any budget amendment or resolution that will result in reserves dropping below the required minimum level of three months' worth of operating expenditures will require the approval of a majority of the Board. In the event that the balance drops below the required minimum level, the Board will develop a plan to replenish the fund balance to the established required 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 Board for approval.

REVIEWED AND ADOPTED ON OCTOBER 26, 2023.

Alice Dow – MCPLD Board President

Mary Watson – MCPLD Board Secretary