

Middleton Public Library

Contingency Fund Policy

- I. Background
- II. Purpose
- III. Authority

I. **Background**

(A) The Governmental Accounting Standards Board's (GASB) Statement No. 54 is a fiscal management tool that contains specific fund balance categories in response to the need for resource stabilization and the impact of obligations upon current and future fund balances. These obligations might include legal mandates and the recognition of the budgetary impact to finance future replacements.

II. **Purpose**

(A) In response to the GASB Statement No. 54 the Middleton Public Library's Contingency is established in Fund 212, Library Operations to serve as a safeguard against unforeseen and emergency expenditures and to withstand the impact of unrealized revenues. Rather than simply have all uncommitted dollars in the fund balance, two specific financing source reserves are established; 1) reserve for operational continuance 2) reserve for replacements.

III. **Authority**

(A) The Library Director shall recommend to the Library Board for their review and approval, the appropriate designated amounts for each of the two reserves.

(B) The Library Director shall also recommend to the Library Board for their review and approval the amount of money to be used from each reserve and the specific purpose of such use.

(C) Due to the nature of the purpose of these reserves an affirmative a super majority vote (6-3) rather than a simple majority vote (5-4) of the Library Board is required for any action involving the Library Operations of Fund 212 contingency.

Adopted November 8, 2011