

Exhibit B
Library District Capital Fund, Contingency, and Reserve Financial and Budgetary Policies
Multnomah County Library, Oregon
Fiscal Year July 1, 2018 to June 30, 2019

Library District Contingency and Reserve

The Library District Board recognizes that:

- to provide financial stability
- be prepared for unplanned events and emergencies
- to establish and maintain favorable bond ratings, and
- to avoid fluctuations in program levels

contingency and fund reserves should be maintained.

Policy Statement

It is the goal of the Library District Board to fund and maintain a Library Fund budgeted reserve, designated as unappropriated fund balance and funded at approximately 10% of annual property tax revenues.

Additionally, a policy of the Multnomah County Library District is to set aside at least \$500,000 in an emergency contingency account.

To maintain fiscal stability, the following guidelines should be used by the Library Board in considering requests for transfers from the Library District Fund Contingency:

1. One-time-only allocations
2. Contingency funding limited to the following:
 - Emergency situations which, if left unattended, will jeopardize the health and safety of the community.
 - Unanticipated expenditures necessary to keep a public commitment or fulfill a legislative or contractual mandate, or which have been demonstrated to result in significant administrative or programmatic efficiencies that cannot be covered by existing appropriations
3. The Library Board may, when it adopts the budget for a fiscal year, specify programs it wishes to review during the year and increase the Contingency account to provide funding to support those programs if it chooses. Contingency Funding of such programs complies with this policy.

Status

The FY 2019 reserves are budgeted at \$8,386,525 based on current forecasts. The budgeted reserves do not include funds budgeted in contingency.

In FY 2019, \$500,000 is budgeted as contingency.

The Budget Officer is responsible for informing the Library Board if contingency requests submitted for Board approval meet the criteria of this policy. In addition, each year the Budget Officer will provide an annual report to the Library Board detailing the prior fiscal year's contingency actions. This report will include the total dollar amount of contingency requests, dollar amount approved, and dollar amount that did not meet the criteria of this policy.

Library District Capital Fund

Maintaining existing capital infrastructure and meeting demands for additional Library services, as well as responding to changes to the services provided today, require investments in information technology, capital asset maintenance, and new capital.

Policy Statement

In order to set aside funds for future capital needs, the Multnomah County Library Board will maintain a Capital Fund.

The Multnomah County Library District will set-aside funds in excess of those needed for library operations, reserves, and contingency in a Library District Capital Fund.

Expenditures from the Library District Capital Fund will be limited to capital-related activities. Operations will continue to be funded through the Library Fund.

Status

Library staff will present information on the Library Capital Fund as part of the annual budget adoption process. The presentation will include updates on fund balance and transfers, as well as updates on capital planning efforts.

In FY 2019, the estimated fund balance will be \$20,351,082.