



## WINNEFOX LIBRARY SYSTEM

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### MEMORANDUM

**DATE:** May 20, 2008  
**TO:** Winnefox Library System Board of Trustees  
**FROM:** Jeff Gilderson-Duwe  
**RE:** Designated Reserve Funds

In order to address issues raised by auditors over the past eight years, and in an effort to improve clarity, we plan to make a number of changes to the financial statements: we will close accounts that are no longer needed, begin reporting value and depreciation of fixed assets, begin reporting on liability for accumulated staff leave, and combine two months of financial data in a single column of information rather than reporting each month in a separate column.

One area that requires Board attention is Allocated Reserves (Restricted Net Assets). In the past, the Board reserved funds for planned purchases of such items as delivery vans and computers in accounts designated as restricted net assets. However, governmental accounting standards (GASB 34) require that these types of accounts should be used only in cases where restrictions are externally imposed by a party such as a donor or where they are imposed by law.

Below are recommendations for dispensation of our existing restricted net asset accounts. In most of these cases, we are recommending creation of designated funds to reserve cash for the particular purposes in question.

#### **Recommended Action:**

#### **WINNEFOX**

Allocated Vehicle Reserve Equity (\$32,606.38) – close account to unrestricted net assets. Establish a Designated Fund in the Other Current Assets named Designated Vehicle Reserve.

Allocated PC Reserve Equity (\$1,300.00) – close account to unrestricted net assets. Establish a Designated Fund in the Other Current Assets named Designated PC Reserve.

Allocated Equipment & Project Reserve Equity (\$79,202.58) – close account to unrestricted net assets. The original intent for these funds to be set aside has been lost in the turnover of personnel.

## WCTS

Allocated Reserve – Furnishings & Equipment (\$2,000.00) - Close account to unrestricted net assets. Establish a Designated Fund in the Other Current Assets named Designated Furnishings & Equipment Reserve.

Allocated Reserve – Collection Enhancement (\$45,716.49) - close account to unrestricted net assets. *Note: the final amount in this account may need to change dependent on the 2007 audit.*

Allocated Reserve – Copier (\$3,500.00) close account to unrestricted net assets. Establish a Designated Fund in the Other Current Assets named Designated Copier Reserve.

Allocated Reserve for PLA Grant (\$3,000.00) close account to unrestricted net assets. Establish a Designated Fund in the Other Current Assets named Designated PLA Grant Reserve.

Allocated Reserve for Library Improvement Grants (\$12,000.00) close account to unrestricted net assets. Establish a Designated Fund in the Other Current Assets named Designated Library Improvement Grant Reserve.