

Fund Balance Policy

Schiller Park Public Library

I. Purpose

The Schiller Park Public Library (the “SPPL”) Board of Library Trustees (the “Board”) is committed to the responsible accounting for all public funds and has approved this Fund Balance Policy that establishes a minimum level at which the projected year-end fund balance of each fund should be maintained. This policy is established to provide financial stability, cash flow for operation, and the assurance that the SPPL will be able to respond to emergencies with fiscal strength. It is essential to maintain adequate fund balances to mitigate current and future risks and to ensure a stable tax levy. Fund balance levels are also a crucial consideration in long-term financial planning.

II. Definitions

Fund balance refers to the difference between assets and liabilities in governmental funds. The fund balance serves as a measure of the financial resources available to a government agency.

The five categories of fund balance, as established by GASB Statement No. 54 are as follows:

- 1) Nonspendable: amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact (e.g., principal portion of a permanent fund, inventory)
- 2) Restricted: amounts that are spent subject to externally enforceable restrictions (including grant restrictions, law, or regulations) or are restricted through legislation adopted by the Board
- 3) Committed: amounts that are designated for specific purposes by formal action of the Board (the Board may reverse this action if it is later determined the funds are needed for another purpose)
- 4) Assigned: amounts management (i.e. Library Director) intends to use for specific purposes
- 5) Unassigned: amounts available for any purpose that cannot be classified into one of the other four categories

The total of the committed, assigned, and unassigned fund balances is the unrestricted fund balance.

The SPPL will spend the most restricted funds before the less restricted, in the following order: restricted, committed, assigned, unassigned.

III. Funds

A. Unrestricted Funds

- 1) SPPL Operating Fund/Corporate Fund

The Corporate Fund is the general operating fund of the SPPL and is used to establish, maintain, and support the public libraries within the SPPL. This fund covers most general library expenditures and

can be spent for any proper library purpose. Revenue is provided through the general tax levy, personal property replacement tax, grants, and other revenue streams.

Unrestricted fund balance should represent no less than 3 months and no more than 12 months of operating expenditures. The target fund balance at the end of the fiscal year is 6 to 12 months of operating expenditures. Balances above the maximum at fiscal year-end may be transferred to other funds or the Special Reserve Fund by Board resolution.

B. Restricted Funds

1) Special Reserve Fund

This fund is maintained in accordance with the last adopted Special Reserve Fund Ordinance, and generally accounts for costs associated with capital maintenance and repair, construction, and/or development. Revenue is provided by transfer from the Corporate Fund by Board resolution. No specific minimum or maximum is established for the Special Reserve Fund, though the balance is evaluated annually and is maintained at a level sufficient to support upcoming planned projects.

2) Debt Service Fund

This fund is established for expenditures related to the payment of principal and interest on bonds issued by the SPPL. Any balance in this fund is fully restricted for debt service.

IV. Monitoring Targets

The Library Director, in conjunction with the Board, will monitor revenue collections, expenditures, and availability of cash by reviewing monthly financial statements. The Library Director shall advise the Board whenever revenue projections suggest that revenue will fall short of expectations, unexpected expenditures will exceed budget, or fund targets may not be met by the end of the fiscal year.

Fund balances may occasionally fall outside of the target ranges because of special projects, construction, emergencies, other extenuating circumstances, and/or levy restrictions.

Adopted by the Board of Library Trustees of the Schiller Park Public Library on June 13, 2024.