



FUND BALANCE POLICY

Purpose

The La Grange Park Public Library District Board of Trustees has approved a Fund Balance Policy that establishes a minimum level at which the projected year-end balance of each fund should be maintained. This policy is established to provide financial stability, cash flow for operations, and the assurance that the district will be able to respond to emergencies with fiscal strength.

If the Library Board of Trustees adopts a budget that does not meet the parameters of this policy, then the budget will include a plan for adhering to the policy within a five-year period. The following parameters will be used as part of the budget process to establish targets for the following funds:

Corporate Fund

The Corporate Fund is the general operating fund of the La Grange Park Public Library District. It is used to account for administrative, maintenance, library, and all financial resources, except those accounted for in another fund. The year-end balances shall represent no less than three months of expenditures. The Library Board of Trustees may transfer funds over the three months reserve to the Special Reserve Fund on an annual basis.

Special Reserve Fund

The Special Reserve Fund shall be maintained in accordance with the last adopted Special Reserve Fund Ordinance. The Special Reserve Fund is 100% committed for projects identified in the Special Reserve Fund Ordinance.

IMRF Fund

A non-major fund to account for expenditures resulting from the mandatory participation in the Illinois Municipal Retirement Fund. Revenues are provided by a specific line item in the annual property tax levy sufficient to pay contributions on behalf of La Grange Park Public Library District employees. Fund balances are legally restricted to the purpose of the fund.

Social Security Fund (FICA)

A non-major fund to account for the expenditures for payroll taxes required by the Federal Insurance Contributions Act. Revenues are provided by a specific line item in the annual property tax levy and are therefore legally restricted to the purpose of the fund.

Monitoring Targets

The Executive Director in conjunction with the La Grange Park Public Library Treasurer will monitor revenue collections, expenditures, and availability of cash by reviewing monthly financial reports. The Executive Director shall advise the La Grange Park Public Library Board of Trustees whenever revenue projections suggest that revenue will fall short of expectations or unexpected expenditures exceed budget or if for any reason fund target(s) may not be met by the end of the fiscal year. In this event, the Executive Director will take action to reduce future expenditures where appropriate.

Adopted: 3/14

Reviewed:

Revised: 11/17