

FUND BALANCE POLICY

Effective Date: 06/11
Reviewed: 07/17, 4/21

Page 1 of 2*Policy No: 1.11*

Policy

The Board of Trustees for the Ela Area Public Library District adopted the provisions of Governmental Accounting Standards Board (GASB) Statement 54. The purpose of the Fund Balance Policy is threefold: to enable realistic long-term planning, to assist with effective development of annual budgets, and to promote clear communications with the general public.

Fund Balance Classifications:

- Nonspendable Fund Balance – assets that are not in a spendable form (pre-pays) or are required to be maintained intact (the principal of a permanent fund).
- Restricted Fund Balance – the portion of a fund that is subject to externally enforceable legal restrictions or restricted through ordinances adopted by the Library Board.
- Unrestricted Fund Balance – the total of the Committed, Assigned and Unassigned Fund Balances
 - A) Committed Fund Balance – amounts that subject to a self-imposed limitation by formal action of the Board. Modification or removal of the limitation may only occur through formal action by the Board.
 - B) Assigned Fund Balance – amounts that the Board intends to use for a specific purpose.
 - C) Unassigned Fund Balance – amounts available for any purpose

Funds & Targets:

1. General Fund – funds used for operating the Library. Total unrestricted fund balances (committed, assigned and unassigned) in the General Fund should represent no less than three (3) and no more than twelve (12) months of operating expenses. Balances over the maximum at the end of the fiscal year shall be transferred to the Capital Projects fund.
2. Special Revenue Funds – funds are used to account for and report the proceeds of specific revenue sources that are legally restricted (tax levy) or committed (by the Library Board) for specific purposes other than debt service or capital projects. IMRF, Social Security, (FICA), Liability and Site & Building are Special Revenue Funds. Increases and decreases in the fund balances are associated with specific purposes: therefore, no target range is established for these funds.
3. Capital Project Funds – funds used for capital maintenance and repair, construction and/or development. The Special Reserve fund is a Capital Projects fund. Increases and decreases in the fund balance are associated with the specific projects planned: therefore, no target range is established for this fund.

FUND BALANCE POLICY

Effective Date: 06/11
Reviewed: 07/17, 4/21

Page 2 of 2

Policy No: 1.11

4. Debt Service Funds – funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. EAPL does not have any Debt Service funds at this time. The fund balance is fully restricted to debt service; however, any fund balance remaining once all financial obligations have been satisfied may be transferred to the Capital Projects Fund.
5. Permanent Funds – funds used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support Library programs. Working Cash is a Permanent Fund. 75 ILCS 16/30-95 caps the fund balance at .2% of the full, fair cash value of all taxable property within the District, as equalized or assessed by the Department of Revenue before 1979 (the year the fund was established). Therefore, fund balance in the Working Cash fund is capped at \$169,200. Balances over the maximum at the end of the fiscal year shall be transferred to the General fund.

Spending Hierarchy:

The District will spend the most restricted dollars before less restricted in the following order:

1. Restricted
2. Committed
3. Assigned
4. Unassigned