

DeKalb Public Library Fund Balance Policy

The DeKalb Public Library's Board of Trustees intends to establish a minimum level at which projected end-of-year fund balances should be maintained, in order to provide long-term financial stability, cash flow for operations, and fund balances adequate to ensure that the library will be able to respond to emergencies from a strong fiscal position and outlines how to handle special reserves.

Definitions

The five categories of fund balance, as established by Governmental Accounting Standards Board Statement No. 54, are as follows:

1. Non-spendable: Amounts that cannot be spent because they are not in spendable form (e.g., principle portion of permanent fund, inventory).
2. Restricted: Amounts not available for expenditure due to external restrictions, including grant restrictions, laws, or regulations.
3. Unrestricted:
 - a. Committed: Amounts that are designated for specific purposes by formal action of the Board of Trustees. (The Board of Trustees may reverse this action if it is later determined the funds are needed for another purpose.)
 - b. Assigned: Amounts management (i.e. Executive Director) intends to use for specific purposes.
 - c. Unassigned: Available expendable financial resources in the General Fund that is not the object of tentative management plan. Also represents deficit positions within funds other than the General Fund.

DeKalb Public Library Funds and Targets

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

General Fund – It is the goal of the library to maintain no less than four (4) and not more than twelve (12) months of operating expenses in the General Fund. General Fund balances over the maximum twelve (12) months at the end of the fiscal year may be transferred to the Capital Improvement Fund.

Special Reserves Fund (Capital Improvement) Fund—The Special Reserves Fund is maintained in accordance with the parameters laid out by Illinois Library Law 75 ILCS 5/5-8. The Special Reserves Fund may be used for construction of a library, purchasing a site for erecting a library, building an addition to an existing library building, furnishing necessary equipment for a library building, renovating the existing library building, acquiring electronic data storage and retrieval facilities in connection with either the purchase or construction of a new library building or the expansion of an existing library building and for emergency expenditures for the repair of an existing library building or its equipment. The Special Reserves Fund balance is evaluated when reviewing the library's facility plan and annual budget. It is the intention of the Library Board that the Special Reserves Fund be maintained at a level sufficient to support upcoming planned projects. No specific minimum or maximum balance is established for the Special Reserve Fund.

Debt Service Fund—Debt Service Funds are established to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The fund balance is fully

restricted for debt service; however, any fund balance remaining once all financial obligations have been satisfied may be transferred to the Capital Projects Fund.

Permanent Fund– Permanent Funds are used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government’s programs – for the benefit of the government or its citizenry. Increases and decreases in the fund balance are associated solely with transfers to other Library accounts: therefore, no target range is established for this fund.

Fund Balance Shortfalls

Fund balances may fall occasionally outside of the target ranges because of special projects, construction, emergencies, other extenuating circumstances, and/or levy restrictions. Whenever the unassigned fund balance of the General Fund falls below the benchmark provided for in this policy, the Director shall present a plan to the Board of Trustees that would return unassigned fund balance to the minimum level over the next three to five fiscal years. The Director's plan should try to avoid both significant service reductions and the delay of needed capital repairs and improvements.

Approved by the DeKalb Public Library Board of Trustees 01/11/2023