



GLENCOE PUBLIC LIBRARY

FUND BALANCE POLICY

Purpose

The Fund Balance Policy establishes a minimum level at which the projected end-of-year fund balances should be maintained. The purpose of such a policy is to provide long-term financial stability, cash flow for operations, and the assurance that the Glencoe Public Library (Library) will be able to respond to emergencies from a strong fiscal position.

Definitions – Governmental Accounting Standards Board (GASB) Statement 54

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

- **Non-spendable**
Amounts that cannot be spent because they are not in spendable form (e.g., principal portion of permanent fund, inventory).
- **Restricted**
Amounts not available for expenditure due to external restrictions, including grant restrictions, laws, or regulations.
- **Unrestricted**
The Unrestricted Fund Balance refers to the total amount of Committed, Assigned, and Unassigned Fund Balances. The Library will spend the most restricted dollars before the less restricted, in the following order: restricted, committed, assigned, unassigned.
 - a) **Committed** – Amounts that are designated for specific purposes by formal action of the Glencoe Public Library Board of Trustees (Board). The Board 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 a tentative management plan. Also represents deficit positions within funds other than the General Fund.

Fund Balance Levels

The Library maintains the following separate bank accounts: General Fund account, Operating account, and Petty Cash account.

- **General Fund**

The General Fund is the Library’s operating fund. All Restricted and Unrestricted Funds are received into the General Fund, which is retained in a Money Market account or other liquid account unless some portion of the funds is invested as provided below. The Restricted, Committed, Assigned, and Unassigned funds within the General Fund account are tracked in separate general ledger accounts. Funds for the Illinois Municipal Retirement Fund (IMRF), Social Security, and Restricted funds remain in the General Fund account until remittance. Although no minimum levels are required for these funds, they are subject to external enforceable legal restrictions.

Funds are transferred into the Library’s Operating and Petty Cash accounts which are used for receivables and expenses incurred in the day-to-day operations.

It is the goal of the Board to maintain an amount equal to three (3) months of the current annual fiscal year’s operating expenses in the General Fund in case of delays in receiving tax money; this minimum balance must be maintained in a liquid account, such as a Money Market account. General Fund balances above three (3) months of the current annual fiscal year’s operating expenses may be invested subject to the Library’s Investment Policy and other provisions in this policy.

- **Operating**

The Operating Account is a bank account which is used to pay for operational expenses. No specific minimum or maximum balance is established for the Operating Account.

- **Petty Cash**

The Petty Cash Account is a bank account which is used to pay for expenses and incidentals in the day-to-day operations. No specific minimum or maximum balance is established for the Petty Cash Account.

Ongoing Fund Balance Assessment

The Finance Committee of the Board shall review estimated fund balances annually with the Executive Director, determine the adequacy of those amounts, and present recommendations to the Board for approval.

Adopted	February 18, 2015
Reviewed	July 11, 2018
Revised	April 21, 2021; May 15, 2024