

FUND BALANCE POLICY

Flossmoor Public Library is committed to responsible accounting of all public funds and that those funds are expended on providing library services to the community. In a given fiscal year, the Board makes every effort to use funds as budgeted and any excess funds will be classified in the manner determined by this policy.

Fund Balances (revenue minus expenditures) will be classified into one of five categories as described below. Although not inclusive, Fund Balances may be used for cash flow requirements, projected building and grounds maintenance and improvement needs, projected technology requirements, special projects and other purposes to insure a fully operational library. The division of these funds will be decided upon and approved by the Board as part of the annual budget process.

Nonspendable Fund Balance – amounts that are not in a spendable form (such as inventory) or are required to be maintained intact.

Restricted Fund Balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, higher levels of government) or by enabling legislation.

Committed Fund Balance – amounts constrained to specific purposes by formal action of the Library Board of Trustees. These amounts cannot be used for any other purpose unless the Library Board of Trustees takes the same action to remove or change the constraint.

Assigned Fund Balance – amounts the Library intends to use for a specific purpose. The authority to assign these fund balances is designated to the Library Director and the Business Manager.

Unassigned Fund Balance – amounts that are not any of the above and are available and expendable for any General Fund purpose. It is recommended that from the Total Fund Balance, the Library will set aside a minimum fund balance (reserves) of 30% of the previous year's total final actual expenditures as stated in the Comprehensive Annual Financial Report (CAFR).

The Library will spend the most restrictive fund balances first and in the following order: 1. Restricted 2. Committed 3. Assigned 4. Unassigned. Committed fund balances will be designated by formal action by the Library Board. Assigned fund balances can be designated by the Library Director or Business Manager. Unassigned fund balances are available and expendable for any library purpose.

For presentation to the Library Board, and coinciding with the annual budget, Library Director, Board Treasurer and Business Manager will prepare a status report of the Fund Balances.

Revised by the Board of Trustees: January 13, 2015

Revised by the Board of Trustees: November 12, 2019

Reviewed by the Board of Trustees: September 13, 2022