

Warren-Newport Public Library District

Lake County, Illinois

Board of Trustees

Policy 2003

Fund Balance

Adopted: March 19, 2013

Reviewed/Revised: January 19, 2016; April 19, 2016; February 19, 2019; June 21, 2022

ARTICLE 1. PURPOSE

The Board of Trustees of the Warren-Newport Public Library District (WNPLD) adopts this policy to establish procedures governing fund balances in general and the unreserved fund balance for the General Corporate Fund in particular.

ARTICLE 2. SCOPE

Fund balances ensure the operational stability of WNPLD and meet needs caused by unforeseen events. This policy provides for the minimum amount of fund balances to be maintained in the special purpose funds and the minimum amount of unreserved fund balance to be maintained in the General Fund. For purposes of this policy, unreserved fund balance will be unreserved cash at the completion of each fiscal year. While there are no standard guidelines for minimum fund balances that should be maintained, the Board of Trustees considers the following in setting this policy:

- Unreserved fund balance can permit expenditures to temporarily exceed revenue until a permanent revenue enhancement or expenditure control is put into place.
- Errors in the estimation of revenue and/or expenditures could arise due to the difficulty in identifying the turning point in a given business cycle.
- A larger unreserved fund balance may be required when property tax receipts are forecast to be negatively affected by the economy.
- Reserves can provide emergency funds in the event of a natural disaster, provide additional funds for limited unexpected needs, or provide limited funds to smooth fluctuations in revenues caused by changes in economic conditions.

ARTICLE 3. GUIDELINES

- WNPLD will strive to maintain balances for every fund at between 50% and 100% of the subsequent fiscal year's forecasted expenditures.

- Should the unreserved fund balance for the General Corporate Fund drop below this 50% level, the Executive Director will notify the WNPLD Board of Trustees.
 - Reductions in fund balances for operational purposes, below the recommended minimum balances as described in this policy, will occur only in extraordinary circumstance or to bridge a revenue gap. These reductions will be temporary and will give the Board time to implement a new, recurring source of revenue and/or to reduce expenditure levels.
 - The unreserved fund balance for the General Fund will be reviewed annually during the budget process. Balances in excess of the required amounts will be reviewed by the WNPLD Board. Such balances then may be transferred to the Special Reserve Fund, which was established by ordinance to support future capital and other specified projects. The Board shall update and adopt the Special Reserve Ordinance at regular intervals not to exceed three (3) years.
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