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## Funds Policy

A Funds Policy establishes a minimum level at which the 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 are not in a spendable form (such as prepaid expense) or are required to be maintained intact.
2. **Restricted:** Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
3. **Committed:** Amounts constrained to specific purposes by the Library Board of Trustees. The Board may remove or change the constraints if it is later determined that the funds are needed for another purpose.
4. **Assigned:** Amounts that are designated for future purposes by the Library Board of Trustees or its designate; i.e., Director.
5. **Unassigned:** Amounts that are available for any purpose; positive amounts are reported only in the General Fund.

**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 this order: restricted, committed, assigned, unassigned.

### Level of unrestricted General Fund balance

It is the goal of the Library to maintain no less than six (6) and no more than twelve (12) months of operating expenses in the General Fund. General Fund balances over the minimum six (6) months at the end of the fiscal year may be transferred to the Special Reserve Fund through Board of Trustees resolution.

### Level of Special Reserve Fund balance

The Special Reserve Fund is committed 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, 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 Reserve fund balance is evaluated when reviewing the Library's facility plan and annual budget and is

maintained at a level sufficient to support upcoming planned projects. No specific minimum or maximum balance is established for the Special Reserve Fund.

**Level of Working Cash Fund balance**

The Working Cash Fund is a non-spendable fund that allows the Library to have sufficient money to meet demands for ordinary necessary and committed expenditures for library purposes. Funds can be transferred from the Working Cash Fund to the General Fund to pay expenses in anticipation of property tax collection or grant money disbursement, for example. Once taxes are collected or grant monies disbursed, the Working Cash Fund must be reimbursed. The statutory maximum for the Working Cash Fund is \$237,943.53. Interest earned on the fund is transferred to the General Fund.

Approved by the Evergreen Park Public Library Board of Trustees  
May 12, 2021