



## WESTMONT PUBLIC LIBRARY

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westmontlibrary.org

*Providing the community with the keys to lifelong learning.*

### **Fund Balance Policy**

#### **Purpose**

The purpose of the Fund Balance Policy is to define the various funds as established by the Westmont Library and set guidelines for minimum balance levels to ensure short and long-term financial stability. All fund balances are reviewed regularly by the Library Board of Trustees and must, at a minimum, be reviewed twice a year, during the budgeting process and during the levy process, to ensure compliance.

#### **Guidelines and definitions**

##### **General Fund**

The General Fund receives property tax deposits from the Library levy and state distributions for grant projects. Library funds in this account that are not intended for the operating budget are referred to as unreserved funds and are maintained as working cash. Maintaining adequate levels of unreserved funds mitigates financial risk that can occur from unanticipated expenditures, and also provides cash flow liquidity to fund Library operations prior to receipt of tax collections or when property tax collections are delayed. The goal for the balance of the unrestricted funds is 20% to 40% of the current year's budget with a target goal of 30%.

##### **Special Reserve Fund**

Unless otherwise determined by the Library Board, year-end surplus from the operating budget and designated special reserve revenue are transferred to the Special Reserve Fund for capital improvement projects. The end-of-year surplus transfer from the last year's budget will be any money in excess of 30% of the current year's budget. The Special Reserve Fund can only be used for capital improvement expenditures and all payments from this fund must be approved by the board before any obligation. The Library Board will seek to maintain a minimum balance in the Special Reserve Fund of \$200,000.