



FUND BALANCE POLICY

Purpose

The Warrenville Public Library District's (the Library) Fund Balance Policy establishes a minimum level at which the projected year-end fund balance of each fund should be maintained. This policy is established to provide financial stability, cash flow for operations and the assurance that the District will be able to respond to emergencies with fiscal strength.

Funds

The Library maintains three governmental funds:

- A. **Corporate Fund** – This is the Library's main operating account to support the Library's activities and spending.
- B. **Working Cash Fund** – Established pursuant to 75 ILCS 16/35-35, this is an account reserved specifically for emergencies in times of income shortfalls.
- C. **Special Reserve Fund** – Established and updated pursuant to 75 ILCS 16/40-50, this is a reserve account committed to those purposes set forth in 75 ILCS 16 40-5 (capital projects) or for emergency repairs to library facilities and equipment.

The Library adopts an annual budget for each of its governmental funds, as well as adopting an annual appropriation. If the Board of Trustees adopts a budget that does not meet the parameters of this policy, then the budget will include a plan for adhering to the policy within a five-year period.

Fund Balance Levels

The following parameters will be used as part of the budget process to establish targets for the following funds:

- A. **Corporate Fund + Working Cash Fund** – The Library will maintain a combined unallocated year-end balance for the Corporate Fund plus Working Cash Fund to represent three (3) to six (6) months' worth of projected operating expenditures for the following fiscal year. At year-end, any funds in excess of the three-month minimum target may be transferred from the Corporate Fund to the Special Reserve Fund through Board resolution.

The purpose of this unallocated balance is to:

- a. Provide a working cash buffer to fund library operations prior to receipt of tax collections and when property tax collections are delayed.
- b. Serve as a funding source for emergencies.

B. Special Reserve Fund – The Library will maintain a Special Reserve Fund balance sufficient for supporting both the planned and unplanned projects as outlined in the latest Special Reserve Fund Ordinance. Annual transfers into the Special Reserve Fund allows the Library to build a reserve to fund future projects without incurring debt.

In all cases, deferred property tax revenue will not be included in the year–end fund balance amount.

Considerations

Unexpected situations may cause the District to fall below the minimum level. The Executive Director is responsible for regularly monitoring revenue and expenditures. If, during the year, projections suggest that revenue will not meet expectations and the fund target(s) will not be met at year–end, then the Executive Director will take the following actions to reach the goals established in the adopted budget:

- Review expenses with Management Team;
- Reduce capital asset expenditures;
- Reduce operational expenditures, where appropriate, while maintaining the adopted budget goals; and
- Present to the Board of Trustees other expenditure control options, including those that might modify the goals established in the adopted budget.

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