

Fund Balance Policy

A. Purpose:

Fund Balance refers to the difference between assets and liabilities in governmental funds. The fund balance serves as a measure of the financial resources available to a government. The Toulon Public Library District Board of Trustees has approved a Fund Balance Policy that establishes a range at which the General Fund balance 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.

B. Definitions:

The five categories of fund balance, as established by Governmental Accounting Standards Board Statement No. 54, are as follows:

1. Nonspendable – amounts that cannot be spent because they are not in spendable form (e.g., principle portion of permanent fund, inventory).
2. Restricted – amounts not available for expenditure due to external restriction, including grant restriction, laws, or regulations.
3. Committed – amounts that are designated for specific purposes by formal action of the Library Board. (The Library Board may reverse this action if it later determined the funds are needed for another purpose.)
4. Assigned – amounts management (i.e., Library Director) intends to use for specific purposes.
5. Unassigned – refers to amounts available for any purpose.

C. Level of Unrestricted Fund Balance:

It is the goal of the Toulon Public Library District to maintain no less than three (3) and no more than twelve (12) months of operating expenses in the General Fund. General Fund balances over the maximum at the end of the fiscal year may be transferred to the Special Reserve Fund through Board resolution.

The Special Reserve Fund is used for maintenance and repair, construction, and/or development; and/or other special projects as approved by the Library Board. The Special Reserve Fund balance is evaluated when reviewing the Library's Strategic Plan and Facilities Capital Assessment Plan and is maintained at a level sufficient to support upcoming planned projects.

D. Restricted Fund Balance:

Funds that are provided by a specific line item in the annual property tax levy are legally restricted to the purpose of that fund. Restricted Fund Balances goal is to have eighteen (18) to twenty-four (24) months of operating expenses in these Funds.

E. Monitoring Targets:

The Library Director in conjunction with the Toulon Public Library Board of Trustees will monitor revenue collections, expenditures, and availability of cash by reviewing monthly financial reports. The Library Director shall advise the Board whenever revenue projections suggest that revenue will fall short of expectations, unexpected expenditures will exceed budget, or fund target(s) may not be met by the end of the fiscal year. Fund balances may fall occasionally outside of the target ranges because of special projects, construction, emergencies, other extenuation circumstances, and/or levy restrictions.