

## **Deerfield Public Library Fund Balance Policy**

The Deerfield Public Library understands that sufficient funds need to be retained to provide a stable financial base for the organization. The Library needs to maintain a fund balance policy sufficient to fund cash flows for its daily operations and capital needs. The Library must provide financial reserves for unanticipated expenditures and/or revenue shortfalls of an emergency nature. The purpose of this policy is to specify the size and composition of Library's current accounts and set a balance recommendation for both operating and reserve funds. The Reserve Funds will have the ability to add growth to the Deerfield area community. This policy applies to the Library's funds as follows:

### **Operating Funds**

The Operating Funds are the major funds including the general operating fund of the Library. The Operating Funds are assigned to obtain fiscal sustainability. This assigned fund balance will be maintained at a minimum level of 25% of total annual budgeted expenditures. This will be adjusted annually with the adoption of the annual budget and is calculated at a minimum of three months (25%) of expenditures not including capital and transfers.

### **Debt Service Funds**

The Debt Service Funds (2011A and 2013) were established to account for financial resources that are restricted to expenditure for principal and interest. The Library levies an amount close to the principal and interest that is anticipated to be paid per bond ordinances. Any fund balance accumulation should be minimal. Fund balances in these funds are derived from property taxes and are therefore legally restricted to the purpose of the fund.

### **General Reserve Fund**

This assigned fund balance should maintain a minimum of 25% up to 50% of total annual budgeted expenditures. If the Library experiences a delay in property tax distributions, our General Reserve fund will allow the Library to continue to operate for three to six months at current budget levels.

### **Capital Reserve Fund**

This assigned fund balance shall be used for capital purchases and/or unanticipated shortfalls of an emergency nature. This fund should maintain a balance in an amount equal to or greater than 25% of total annual budgeted expenditures.

Date Accepted by Board: March 21, 2018