



To: Board of Library Trustees

From: Anthony Auston, Director

Date: Tuesday, August 15, 2023

Re: Transfer \$10,000 from General Fund to Liability Fund to balance Fiscal Year 2022-23 expenses

On June 21, 2022, when the Board approved the Fiscal Year 2022-23 Operating Budget, we noted the following detail from the General Fund expense lines:

75000: Property/Casualty Insurance -

This line has historically accounted for a portion of our annual property and casualty insurance through the Libraries of Illinois Risk Agency (LIRA). With the change to our new auditing firm last year, this line was identified as an aberration in past budgets that could and should be entirely included in the special fund for Liability. Going forward, all of our liability insurance commitments will be debited from the Liability fund. This line item is thus being moved/eliminated from the general operating budget.

By correctly moving this expense to Special Fund expense line 94000 Liability Fund, the library effectively added about \$28,500 in expenses from the General Fund to the Liability Fund. After discussion of this detail in Finance Committee in fall 2022, on November 15, 2022, the Board approved the Fiscal Year 2022-23 Tax Levy Ordinance, which included an increased Liability Fund Levy of \$90,000 to account for the current Liability Fund expenses and the reallocated insurance expenses from the General Fund.

As the Fiscal Year 2022-23 Tax Levy distribution bridges fiscal years in calendar year 2023, with its second distribution due later this fall, at the end of FY22-23, on June 30, the Liability Fund reflected a deficit fund balance of \$9,280.

With a board approved \$10,000 transfer from the General Fund to the Liability Fund, the auditor can make an entry to record the transfer retrospective to June 30, 2023, and restore the fund balance, ensuring a positive Liability Fund balance in the forthcoming FY22-23 annual financial audit.