

## 10 Tax Funds and Expenses

Tax Fund		Allowable Expense	Legal Citation
1	General Fund (Library Fund)	Everything not paid for by the other library tax funds	<a href="#">75 ILCS 5/3-1</a> & <a href="#">75 ILCS 16/35-10</a>
2	Building/Maintenance Fund	This fund can be used to cover or supplement most of the library's capital improvement needs, custodial and maintenance services, and major equipment needs such as: <ul style="list-style-type: none"> <li>• Purchase of sites and buildings</li> <li>• Construction and equipment of buildings</li> <li>• Rental of buildings - for library purposes</li> <li>• Maintenance, repair and alterations of library buildings and equipment</li> </ul>	<a href="#">75 ILCS 5/3-1</a> & <a href="#">75 ILCS 16/35-5</a>
3	Working Cash Fund	Public library districts may levy a working cash tax for 4 years. It is a type of "savings account" for the library. The funds are repaid once the general library fund receives monies but no interest is charged.	<a href="#">75 ILCS 5/3-9</a> ; <a href="#">75 ILCS 16/35-35</a> & <a href="#">16/30-95</a>
4	Insurance Fund	The monies of this fund cannot be used for any purpose other than for insurance payments and related expenses.  It does <b>not</b> pay for: <ul style="list-style-type: none"> <li>• Health insurance costs.</li> </ul> It <b>can</b> pay for: <ul style="list-style-type: none"> <li>• Lawsuit damages</li> <li>• Liability and "errors and omissions" insurances</li> <li>• Cost of the library's risk management</li> <li>• Self-insured expenses such as safety expenses and personnel costs.</li> </ul>	<a href="#">745 ILCS 10/9-107</a>

5	Audit Fund	Cannot be used for any purpose other than for the library's annual audit expenses.	<a href="#">65 ILCS 5/8-8-8</a>
6	IMRF Fund	Can only be used for the library's Illinois Municipal Retirement Funds expenses.	<a href="#">40 ILCS 5/7-171</a>
7	Medicare/Social Security Fund	The monies in this fund can only be used for payment of Medicare contributions and Social Security insurance programs.	<a href="#">40 ILCS 5/21-110</a> and <a href="#">21-110.1</a>
8	Special Reserve Fund	This is not a tax, but a legal method to save money for a new building, renovation, major repairs or building emergencies.  The board of trustees must adopt a plan for the expansion or repair of the building within two years of the adoption of the special reserve fund.	<a href="#">75 ILCS 5/5-8</a> & <a href="#">75 ILCS 16/40-50</a>
9	Gifts and Memorials Fund	The donation, in order to be accepted, is subject to the terms and conditions of the donor; if the donor's restrictions are not agreeable to the board, then the gift need not be accepted. However, if the gift is accepted, the library's use of the gift is limited to the donor's directives.	<a href="#">75 ILCS 16/30-75</a> & <a href="#">75 ILCS 5/1-6</a>
10	Building Restoration Fund	The purpose of this fund is for application to a building destroyed or seriously impaired by storm, fire, or other casualty. It is not to exceed ten years and the maximum rate is .0833 percent. It is authorized by referendum.	<a href="#">75 ILCS 16/35-30</a>

Sources: [il.WebJunction.org](http://il.WebJunction.org) -Budgeting Basics  
[Administrative Ready Reference Addenda](#)  
Financial Manual for Illinois Public Libraries  
Illinois Library Laws & Rules in Effect January 2008