

# PLAINEDGE PUBLIC LIBRARY

## FUND BALANCE POLICY

Adopted by the Board of Trustees  
December 19, 2011

### Purpose

The following Policy has been adopted by the Board of Trustees of the Plainedge Public Library in order to address the requirements of the Governmental Accounting Standards Board ("GASB"), Statement No. 54. The Policy is created in consideration of unanticipated events that could adversely affect the financial condition of the Plainedge Public Library. The Fund Balance Policy will ensure that an adequate fund balance and a reserve are maintained to:

- Provide sufficient cash flow for daily financial needs.
- Offset significant economic downturns or revenue shortfalls.
- Provide funds for unforeseen expenditures related to emergencies.

### Fund Balance Categories

The Library's fund balance will be reported as governmental funds under the following categories using the definitions provided by GASB Statement No 54. The Plainedge Library Board of Trustees accepts the following fund classifications.

Non-Spendable- includes amounts that cannot be expended because they are not in a spendable form or legally or contractually required to be maintained.

Restricted – fund balance amounts that can be expended only for the specific purposes stipulated by external resource providers, for example, grant funds. Restrictions may be changed or lifted only with the consent of the resource providers.

Committed – Fund balance includes amounts that can be used only for the specific purposes determined by the Board of Trustees as the highest level of decision-making authority involving Library finances. Commitments may be changed or lifted only by the current Library Board of Trustees taking the same formal action that imposed the constraint originally.

Assigned – Fund balance comprises amounts intended to be used by the Library for specific purposes. Intent can be expressed by the Library Board of Trustees or by the Director to which the Library Board of Trustees delegates the authority. Assigned fund balance represents the amount that is not restricted or committed.

Unassigned – Fund balance is the residual classification for the general fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose.

#### Minimum Fund Balance

The Plainedge Public Library will maintain a prudent level of financial resources to protect against the need to reduce the service level because of a temporary revenue shortfall or unanticipated expenditures.

Funds in the Unassigned General Fund Balance may be accessed in the event of the late receipt of tax revenues or unexpected expenditures.

The Unassigned General Fund Balance Minimum shall be equal to no less than 40% of the General Operating Budget from the previous fiscal year.

Should the Unassigned Fund Balance fall below the minimum level, the Library Board of Trustees will develop a plan to replenish the Fund Balance to the established minimum level within two years.

The Director shall review this policy annually and if need be make recommendations on advice of The Principal Account Clerk and/or the Library's Accountant, for revisions at the annual Reorganization Meeting of The Trustees.