

FUND AND MINIMUM BALANCE POLICY

The Board of Trustees recognizes that sound financial management principles require that sufficient funds be retained to provide a stable financial basis at all times. The purpose of this Policy is threefold: to enable realistic long-term planning, to assist with effective development of annual budgets, and to promote clear communications with the general public, staff, and administration. This policy establishes goals and provides guidance concerning the desired level of fund balance to be maintained by the Library District.

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the Library's policy is to apply restricted net assets first. The Library Board of Trustees accepts the following assets spending order, as defined in GASB 54:

Restricted- Fund balance amounts that can be spent only for the specific purposes stipulated by the consent of the resources 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 Library Board of Trustees as the highest level of decision-making authority. Commitments may be changed or lifted only by the 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 an official or body 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 Balance

The Patchogue-Medford Library is committed to maintain a prudent level of financial resources to protect against the need to reduce service levels because of temporary revenue shortfalls or unpredicted expenditures. The Library's Minimum Fund Balance Policy requires a Reserve for Economic Uncertainties, consisting of unassigned amounts, equal to no less than four months of general fund operating expenditures.

Unassigned fund Balance may be accessed in the event of unexpected expenditures up to the minimum established level upon approval of a budget amendment by the Library Board.

Any budget amendment that will result in the Unassigned Fund balance dropping below the minimum level will require the approval of a majority of the Library Board.

Adopted by the Board of Trustees June 21, 2011; Reviewed July 2015; July 2016; July 2021; July 20, 2022; July 26. 2023.