

Funds and Minimum Balances (GASB 54)

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 asset spending order, as defined in GASB 54:

Restricted – fund balance amounts that can be spent 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 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 Sayville Library is committed to maintaining 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 held in the *Unassigned Fund*, consisting of *Unassigned* amounts, equal to no less than four months of general fund operating expenditures, or 33 percent of General Fund expenditures and other financing uses.

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.

In the event that the balance drops below the established minimum level, the Library Board of Trustees will develop a plan to replenish the fund balance to the established minimum level within two years.

Adopted: June 13, 2011