



Comsewogue Public Library Fund Balance Policy and Classifications

General Policy

Fund balance measures the net financial resources available to finance expenditures within current or future periods.

Some of the benefits of a fund balance policy are as follows:

- Provides for orderly provision of services
- Provides taxpayers with information about why resources have been set aside
- Provides a framework to help guide budgetary decisions and multi-year plans
- Helps ensure an adequate fund balance is available to:
 - Ensure efficient cashflow for daily needs
 - Protect against unforeseen expenditures related to emergencies
 - Offset economic downturns or revenue shortfalls
 - Maintain investment-grade bond rating

The Unassigned Fund Balance of the General Fund will be maintained to provide the Library with financial stability and a margin of safety to fund unanticipated contingent expenditures that may occur unexpectedly during the fiscal year. The Unassigned Fund Balance of the General Fund used for these purposes may only be appropriated by resolution of the Library's Board of Trustees unless voter approval is required.

Any portion of Fund Balance may be applied or transferred for a specific purpose either by voter approval if required by law or by formal action of the Board of Trustees if voter approval is not required. Amendments or modification to the applied or transferred fund balance must also be approved by formal action of the Board of Trustees.

The Board of Trustees shall delegate the authority to assign fund balance, for encumbrance purposes, to the Library Director.

In circumstances where an expenditure is incurred for a purpose for which amounts are available in multiple fund balance classifications (e.g., expenditures related to reserves), the expenditure is to be spent first from the restricted fund balance to the extent appropriated by either budget vote or board approved budget revisions and then from the unrestricted fund balance. Expenditures incurred in the unrestricted fund balances shall be applied first to the assigned fund balance and then to the unassigned fund balance.

Fund Balance Classifications (pursuant to GASB 54)

Fund Balance amounts will be reported by the Library according to the following classifications:

Nonspendable – consists of assets that are inherently nonspendable in the current period either because of their form or because they must be maintained intact, including prepaid items, inventories, long-term portions of loans receivable, financial assets held for resale, and principal of endowments.

Restricted – consists of amounts that are subject to externally enforceable legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments; or through constitutional provisions or enabling legislation. Because the State regulates the establishment, funding and use of Library reserves, generally, reserves will be classified as restricted fund balance.

Committed – consists of amounts that are subject to a purpose constraint imposed by a formal action of the government’s highest level of decision-making authority before the end of the fiscal year, and that require the same level of formal action to remove the constraint. The New York State Office of the State Comptroller at the present time believes that in New York State school districts and libraries will not have any committed fund balance.

Assigned – consists of amounts that are subject to a purpose constraint that represents an intended use established by the board or by their designated official. The purpose of the assignment must be narrower than the purpose of the general fund, and in funds other than the general fund, assigned fund balance represents the residual amount of fund balance. Assigned Fund Balance generally includes encumbrances and appropriated fund balance.

Unassigned – represents the residual classification for the government’s general fund, and could report a surplus or deficit. In funds other than the general fund, the unassigned classification should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.