



Northport-East Northport Public Library

151 Laurel Avenue • Northport, NY 11768 • 631-261-6930
185 Larkfield Road • East Northport, NY 11731 • 631-261-2313
www.nenpl.org

NORTHPORT-EAST NORTHPORT PUBLIC LIBRARY FUND 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. This policy is to enable realistic long-term planning and to assist with effective development of annual budgets.

The Library's Unassigned Fund Balance will be maintained to provide the Library with financial stability and a margin of safety to fund unanticipated contingent expenditures that may occur during the fiscal year. The Unassigned General Fund Balance used for these purposes may be appropriated only by resolution of the Board of Trustees. Any portion of Fund Balance may be applied or transferred for a specific purpose by formal action of the Board of Trustees. Amendments or modifications to the applied or transferred fund balance must also be approved by formal action of the Board of Trustees.

In compliance with GASB 54, *Fund Reporting and Governmental Fund Type Definitions*, governmental fund balance is reported in classifications that comprise of a hierarchy based on the extent to which the Library is bound to honor constraints on the specific purposes for which amounts can be spent. The classifications of fund balance are as follows:

Nonspendable represents amounts that cannot be spent because it is either 1) not in a spendable form, such as inventory or prepaid items; or 2) legally or contractually required to be maintained intact.

Restricted represents externally enforceable legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments; or through constitutional provisions or enabling legislation.

Committed represents 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 requires the same level of formal action to remove the constraint. The Board of Trustees is the decision-making authority that can, by formal resolution prior to the end of the fiscal year, commit fund balance.

Assigned consists of amounts that are subject to purpose constraint that represents an intended use established by the government's highest level of decision-making authority, namely the Board of Trustees, through resolution. The purpose of the assignment must be narrower than the purpose of the general fund.

Unassigned represents the residual net resources in excess of the other classification.

When resources are available from multiple classifications, the Library spends funds in the following order: restricted, committed, assigned, unassigned.

This policy shall be reviewed annually by the Board of Trustees of the Library at its reorganizational meeting or as soon thereafter as reasonably practicable.

Adopted 07/17/14
Reviewed 07/16/20, 07/15/21, 07/21/22, 07/20/23