

## Fund Balance

A Fund Balance policy establishes a minimum level which the projected end-of-year fund balance must observe in order to meet legal guidelines imposed on governmental funds. The purpose of such a policy is to provide financial stability, cash flow for operations and the assurance that the library will be able to respond to emergencies with fiscal strength.

It is the North Babylon Public Library's philosophy to support fiscal sustainability while also building funds for future needs. Adequate fund balance levels are crucial in long term financial planning.

A reasonable, stable fund balance is recognized as an element of effective long range planning. The Board of Trustees will fully review, consider and determine the appropriate level of fund balance that is to be maintained from year to year. Fund balance documentation is part of the annual audit.

General Fund Balance: the school district now supplies the library with twelve (12) equal checks from July through June, amounting to the total tax revenue. The library has been notified over the years that it should maintain three (3) to six (6) months of funds in general reserves. As per the Office of the New York State Comptroller, this level of funding should be "reasonable."

Funds committed for Post-Retirement Benefits: Every two years, an actuarial calculation is made to determine the library's liability for Post-Retirement Benefits. As per the latest actuarial calculation (June 2018), the accrued liability for post-employment benefits was \$3,596,047.

Funds committed for Capital Improvement/Land Acquisition: These funds are committed to offset significant repairs and upgrades to the physical plant.

Funds committed for Unemployment: These funds are committed to cover future unemployment claims made by terminated employees. There have been very few claims made against the library, but there have been supportable claims made by employees who voluntarily left employ for other opportunities and still qualify to require payments made by their former employer (the library).

In establishing the above policies for fund balance levels, the North Babylon Public Library considered the following:

- The predictability of revenues
- Exposure to significant one-time outlays (disaster, immediate capital needs, land purchase opportunities)
- Tax cap issues
- Liquidity of investments

Approved the by the Board of Trustees, May 20, 2014

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