

Mt. Zion District Library

Fund Balance Classification Policy

1. **Purpose:** The purpose of this policy is to address the requirements of the Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance reporting and Governmental Fund Type Definitions*. This Statement changes the classifications of fund balance governmental funds, and somewhat modifies the definition of special revenue funds.
2. **Authority:** Mt. Zion District Library Board of Trustees
3. **Application:** This policy applies to all governmental funds of the Mt. Zion District Library.
4. **Responsibility:** The Mt. Zion District Library Board of Trustees shall be responsible for the implementation and administration of this policy.
5. **Policy:** The Library Board of Trustees shall follow the requirements of GASB Statement No. 54. This document clarifies and expands on pronouncements of GASB as applicable to local governmental entities and the fund balance for the Mt. Zion District Library.
 - 5.1 **Classifying Fund Balance Amounts** – Fund balance classifications depict the nature of the net resources that are reported in a governmental fund. An individual governmental fund may include non-spendable resources and amounts that are restricted, committed, or assigned, or any combination of those classifications. The General Fund may also include an unassigned amount.
 - 5.2 **Non-spendable** – The non-spendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. These amounts will be determined before all other classifications.
 - 5.3 **Restricted** – Fund balance will be reported as restricted when constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

- 5.4 **Committed** – This classification can only be used for specific purposes pursuant to formal action of the Board of Trustees. A majority vote of the members elect is required to approve a commitment and a majority vote of the members elect is required to remove a commitment.
- 5.5 **Assigned** – Amounts that are constrained by the library’s intent to be used for specific purposes, but are neither restricted nor committed, should be reported as assigned fund balance. This would include all remaining amounts (except negative balances) reported in governmental funds, other than the General Fund, that are not classified as non-spendable, restricted or committed. The Board of Trustees delegates to the Library Director the authority to assign amounts to be used for other specific purposes.
- 5.6 **Unassigned** – Unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. Unassigned fund balance can never be negative.
- 5.7 **Prioritization of fund balance use** – When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, it shall be the policy of the Mt. Zion District Library to consider restricted amounts to have been reduced first. When an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used, it shall be the policy of the Mt. Zion District Library that committed amounts would be reduced first, followed by assigned amounts and then unassigned amounts.

Approved this 16 day of January, 2024

AYES: 4 NAYS: 0

Signed: Sheri Jesse
President, Board of Trustees

Attest: Holly Larson
Secretary, Board of Trustees