The Library hereby establishes and will maintain reservations of Fund Balance as defined herein in accordance with GASB 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. In the fund financial statements, governmental funds report the following classifications of fund balance:

- **Nonspendable** – includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.

- **Restricted** – includes amounts restricted by external sources (creditors, grantors, laws of other governments, etc.) or by constitutional provision or enabling legislation.

- **Committed** – includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the Library Board, their highest level of decision making authority. Commitments may be modified or rescinded only through resolutions approved by the Library Board.

- **Assigned** – includes amounts that the Library intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Amounts may be assigned by the Library Board.

- **Unassigned** – includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the General Fund.

When expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Library considers restricted funds to have been spent first, unless legal requirements disallow it or unrestricted funds will be lost if not utilized. When expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Library considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Library has provided otherwise in its commitment or assignment actions.

The Library’s net assets are categorized as unrestricted. The unrestricted category includes project funds which were established by the Board to set aside funds for future projects of the Library.