

**METROPOLITAN LIBRARY COMMISSION  
OF OKLAHOMA COUNTY**

**FINANCE COMMITTEE  
AGENDA**

Members: Nancy Anthony, Chair  
Allen Coffey  
Rozz Grigsby  
Jim Shonts  
Judy Smith  
Beth Toland

Thursday, September 6, 2012  
at 3:30 pm  
Downtown Library  
300 Park Avenue  
Oklahoma City, OK 73102  
Telephone: (405) 231-8650

- I. Call to Order and Establishment of Quorum – Nancy Anthony, Chair
- II. Discussion, Consideration, and Possible Action: Approval of FY 2012-13 Final Budget
- III. Discussion, Consideration, and Possible Action: Report and Recommendations from Administration
  - MLS Fund Balance Guidelines – Adopted for GASB 54

The Metropolitan Library System of Oklahoma County encourages participation from all patrons and citizens of Oklahoma County. If participation at any public meeting is not possible due to a disability, whether physical, hearing or speech related, please notify the office of the Executive Director (606-3726) at least forty-eight (48) hours prior to the scheduled public meeting to allow the Library to make necessary accommodations.

## **REPORT AND RECOMMENDATION FROM ADMINISTRATION**

**METROPOLITAN LIBRARY SYSTEM  
PROPOSED FINAL BUDGET FY 2012-2013  
(July 1, 2012 ~ June 30, 2013)**

**Please remember to bring  
The Yellow Budget Binder  
to the September 20, 2012  
Metropolitan Library Commission Meeting**

### **ADMINISTRATIVE RECOMMENDATION AND COMMITTEE ACTION:**

To approve the Metropolitan Library System Proposed Final Budget for FY 2012-13 totaling \$58,706,351.12

**REPORT AND RECOMMENDATIONS FROM ADMINISTRATION**

MLS Fund Balance  
Guidelines  
Adopted for GASB 54

The auditors have recommended that the library's governing board adopt the attached guidelines related to MLS fund balances. Therefore, this document is being presented to the finance/audit committee for their review and approval.

**ADMINISTRATIVE RECOMMENDATION FOR COMMISSION ACTION:**

To approve the recommendation of the MLS Fund Balance Guidelines, Adopted for GASB 54.

# MLS Fund Balance Guidelines

## Adopted for GASB 54

### ***Purpose***

The purpose of this policy is to establish a key element of the financial stability of the Library by setting guidelines for fund balance. Unassigned fund balance is an important measure of economic stability. It is essential that the Library maintain adequate levels of unassigned fund balance to mitigate financial risk that can occur from unforeseen revenue fluctuations, unanticipated expenditures, and similar circumstances. The fund balance also provides cash flow liquidity for the Library's general operations.

### ***Definitions***

*Fund Equity* – A fund's equity is generally the difference between its assets and its liabilities.

*Fund Balance* – An accounting distinction is made between the portions of fund equity that are spendable and nonspendable. These are broken up into five categories:

- 1) **Nonspendable fund balance** – includes amounts that are not in a spendable form or are required to be maintained intact. Examples are inventory or permanent funds.
- 2) **Restricted fund balance** – includes amounts that can be spent only for the specific purposes stipulated by external resource providers either constitutionally or through enabling legislation. Examples include grants and child safety fees.
- 3) **Committed fund balance** – includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. Commitments may be changed or lifted only by the government taking the same formal action that imposed the constraint originally.
- 4) **Assigned fund balance** – comprises amounts *intended* to be used by the government for specific purposes. Intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.
- 5) **Unassigned fund balance** – is the residual classification of the general fund and includes all amounts not contained in other classifications. Unassigned amounts are technically available for any purpose.

## ***Guidelines***

### ***Committed Fund Balance***

- The Metropolitan Library Commission is the Library's highest level of decision-making authority and the formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is a resolution approved by the Commission. The resolution must either be approved or rescinded, as applicable, prior to the last day of the fiscal year for which the commitment is made. The amount subject to the constraint may be determined in the subsequent period.

### ***Assigned Fund Balance***

- The Metropolitan Library Commission has authorized the Library's Deputy Executive Director/Finance & Support (or some other body or official) as the official authorized to assign fund balance to a specific purpose as approved by this fund balance policy.

## ***Order of Expenditure of Funds***

When multiple categories of fund balance are available for expenditure (for example, a construction project is being funded partly by a grant, funds set aside by the Metropolitan Library Commission, and unassigned fund balance), the Library will start with the most restricted category and spend those funds first before moving down to the next category with available funds.