



TULSA CITY-COUNTY LIBRARY FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

JUNE 30, 2021 AND 2020

TULSA, OKLAHOMA

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Independent Auditor's Report

To the Commission of the
Tulsa City-County Library

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, its major fund and the discretely presented component unit of the Tulsa City-County Library (the Library), as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Tulsa Library Trust, which is a discretely presented component unit of the Library. The financial statement of the Tulsa Library Trust comprises 20 percent of total assets and 16 percent of total revenues of the aggregate. Those statements were audited by other auditors whose reports have been furnished to us and our opinion, insofar as relates to the amounts included for Tulsa Library Trust are based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the discretely presented component unit (presented on pages 28 to 40) were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, its major fund and the discretely presented component unit of the Library as of June 30, 2021 and 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the years and years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis information on pages 3 to 8 and the Schedules of Proportionate Share of the Net Pension Liability - last 10 fiscal years and of Contributions - last 10 fiscal years on pages 41 to 42 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the *Governmental Accounting Standards Board*, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Library's basic financial statements. The supplemental schedule of capital assets by location (cash basis) on pages 43 and 44 is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental schedule of capital assets by location (cash basis) is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental schedule of capital assets by location (cash basis) is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 15, 2022, on our consideration of the Library's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Library's internal control over financial reporting and compliance.

Tulsa, Oklahoma
March 15, 2022

Hick & Company, PC



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**Management's Discussion
and Analysis**

Management's Discussion and Analysis

June 30, 2021 and 2020

Management's Discussion and Analysis

The Tulsa City-County Library's (the "Library's") management provides this Management's Discussion and Analysis (MD&A) as a tool for readers of the Library's Basic Financial Statements for the fiscal years ended June 30, 2021 and 2020. Readers of the Library's financial statements are encouraged to use this information in conjunction with the Library's Basic Financial Statements, which begin on page 9.

Financial Highlights

Financial highlights for the Library as of and for the years ended June 30, 2021, 2020 and 2019 include the following:

- The Library's assets exceeded its liabilities (net position) by approximately \$83.6, \$80.3 and \$84.6 million at June 30, 2021, 2020 and 2019, respectively.
- The Library's net assets increased by approximately \$3.3 during the year ended June 30, 2021, and decreased by \$4.3 and \$5.0 million during the years ended June 30, 2020 and 2019, respectively.
- Revenues from ad valorem taxes were approximately \$34.6, \$33.0 and \$32.5 million for June 30, 2021, 2020 and 2019, respectively.
- Total expenses were approximately \$33.2, \$39.7 and \$40.1 million for the years ended June 30, 2021, 2020 and 2019, respectively.
- Fiscal 2021, 2020 and 2019 capital outlay expenditures were approximately \$0.8, \$1.1 and \$1.2 million, respectively.

Overview of the Basic Financial Statements

This discussion and analysis serves as an introduction to the Library's Basic Financial Statements. The Library's Basic Financial Statements are comprised of government-wide financial statements, fund financial statements and notes to the Basic Financial Statements. The government-wide financial statements are comprised of the Statements of Net Position and the Statements of Activities (on pages 9 and 10, respectively), which provide information about the activities of the Library as a whole and present a long-term view of the Library's finances. These financial statements provide a broad overview of the Library's operations in a manner similar to private-sector business. Fund financial statements beginning on page 11 demonstrate how the Library's operations were financed in the short-term as well as what remains for future spending. Fund financial statements also report the Library's operations in more detail than the government-wide statements by providing information about the Library's individual funds.

Management's Discussion and Analysis

June 30, 2021 and 2020

The Statement of Net Position and the Statement of Activities

One of the most important questions asked about a governmental agency is, "Is the organization as a whole better off or worse off as a result of the year's activities?" The Statements of Net Position and the Statements of Activities report information that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Library's net assets and changes in them. You can think of the net assets – the difference between assets and liabilities – as one way to measure the Library's financial health, or financial position. Over time, increases or decreases in net assets are one indicator of whether the financial position is improving or deteriorating.

In the Statements of Net Position and the Statements of Activities for the Library, all activities are reported as governmental activities as the Library has no business-type activities.

Reporting the Library's Most Significant Funds

The fund financial statements begin on page 11 and provide detailed information about the Library's governmental funds.

General Fund – The General Fund consists of two funds that are referred to as the Levy and Depository. The Levy Fund accounts for transactions related to the receipt of appropriations of ad valorem taxes, most governmental grant and reimbursement programs, which are used for the general operations of the Library. The Depository fund accounts for collections of copy service fees, book fines, proceeds from the sale of surplus property, gifts and miscellaneous receipts, and other miscellaneous items. Such funds are primarily expended for the purchase, replacement or repair of books or other property, except motor vehicles, and do not require appropriation.

Notes to the Basic Financial Statements

The Notes to the Basic Financial Statements provide additional information that is essential for a full understanding of the data provided in the government-wide and the fund financial statements. The Notes to the Basic Financial Statements begin on page 15.

Other Supplementary Information

The Basic Financial Statements are followed by a section of supplemental information. This section includes a Supplemental Schedule of Capital Assets by Location (Cash Basis). The supplemental schedule is presented for purposes of additional analysis and is not a required part of the Basic Financial Statements.

Management's Discussion and AnalysisJune 30, 2021 and 2020

The Library as a Whole**Net Position**

The table below summarizes the Library's Statements of Net Position as of June 30:

	2021	2020	2019
Current assets	\$ 32,528,110	\$ 27,092,546	\$ 24,261,509
Capital assets	76,619,484	79,643,394	83,489,324
Deferred outflows	3,386,679	3,718,556	6,415,968
Total assets and deferred outflows	<u>112,534,273</u>	<u>110,454,496</u>	<u>114,166,801</u>
Total liabilities	20,719,159	29,715,630	27,398,767
Deferred inflows	8,198,422	415,266	2,188,027
Total liabilities and deferred inflows	<u>28,917,581</u>	<u>30,130,896</u>	<u>29,586,794</u>
Net position			
Investment in capital assets, net of related debt	76,619,484	79,643,394	83,489,324
Unrestricted	6,997,208	680,206	1,090,683
	<u>\$ 83,616,692</u>	<u>\$ 80,323,600</u>	<u>\$ 84,580,007</u>

Management's Discussion and Analysis

June 30, 2021 and 2020

Changes in Net Position

The table below summarizes the Library's Statements of Activities for the fiscal years:

Revenues	2021	2020	2019
Program Revenues:			
Library services and fees	\$ 763,796	\$ 726,468	\$ 857,274
Governmental and other grants	313,971	9,000	6,745
Starbuck sales	111,175	566,520	829,447
Gifts and contributions:			
Trust	467,528	652,984	422,109
Other	27,281	56,563	45,390
General Revenues:			
Ad valorem taxes	34,588,712	33,016,733	32,501,048
Interest income	80,151	233,474	293,389
State aid	165,975	175,566	177,595
	<u>36,518,589</u>	<u>35,437,308</u>	<u>35,132,997</u>
Expenses			
Library services:			
Personnel services	19,881,109	24,311,446	24,682,725
Books and other library materials and equipment	1,605,510	2,433,933	2,411,269
Maintenance and operations	5,360,165	5,783,036	6,050,201
Depreciation	6,208,432	6,750,796	6,441,160
Loss (gain) on sale of fixed assets	1,982	-	-
Disbursements to Tulsa County for use in revaluation program	116,383	114,713	112,892
Cost of sales - Starbucks	51,916	299,791	410,104
	<u>33,225,497</u>	<u>39,693,715</u>	<u>40,108,351</u>
Change in net position	<u>\$ 3,293,092</u>	<u>\$ (4,256,407)</u>	<u>\$ (4,975,354)</u>

Management's Discussion and Analysis

June 30, 2021 and 2020

Analysis of Overall Financial Position and Results of Operations

The Library's Funds

The Library's total fund balance at June 30, 2021 of \$29.5 million, was \$6.0 million higher than June 30, 2020. The Library's total fund balance increased by approximately \$2.0 million during fiscal 2020 to approximately \$23.5 million at June 30, 2020, and by approximately \$0.4 million during fiscal 2019 to approximately \$21.5 million at June 30, 2019. The \$13.0 million in assigned funds is reserved for branch renovations, capital replacements, and a small IT reserve. Total fund revenues for fiscal 2021 were approximately \$36.7 million, which included ad valorem tax revenues of approximately \$34.7 million.

Capital Asset and Debt Administration

Capital Assets

At June 30, 2021, 2020 and 2019, the Library had approximately \$76.6, \$79.6 and \$83.5 million, respectively, invested in capital assets. Capital assets, net of accumulated depreciation, decreased by \$3.0, \$3.8 and \$2.6 million during the fiscal years ended 2021, 2020 and 2019, respectively.

Debt

At June 30, 2021, 2020, and 2019 the Library had no outstanding debts related to capital leases. There was approximately \$17.9, \$26.5 and \$25.1 million outstanding for the net pension obligation liability at June 30, 2021, 2020, and 2019, respectively.

Implementation of GASB 39

During the fiscal year ended June 30, 2004, the Library implemented GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*. This Statement amends GASB Statement No. 14 to provide additional guidance to determine whether certain organizations for which the primary government is not financially accountable should be reported as component units based on the nature and significance of their relationship with the primary government. Generally, it required reporting, as a component unit, an organization that raises and holds economic resources for the direct benefit of the Library. Organizations that are legally separate tax-exempt entities and that meet all the following criteria should be discretely presented as component units. These criteria are:

1. The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents.
2. The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization.
3. The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government.

Management's Discussion and Analysis

June 30, 2021 and 2020

The Tulsa Library Trust (the Trust) was established to benefit the Library, and meeting the criteria above, is considered a component unit of the Library. Management and the Commission of the Library cannot control the Board of the Trust, therefore, presenting the assets, liabilities and operations of the Trust alongside the financial data of the Library could and would be misleading to the users of the financial statements. Therefore, management has elected to present the Trust's financial statements as a stand-alone entity directly behind the statements of the library.

Implementation of GASB 68

During the fiscal year ended June 30, 2015, the Library implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. This Statement improves accounting and financial reporting by state and local governments for pensions, as well as improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. The statement was effective for fiscal years beginning after June 15, 2015. This GASB Statement requires the Library to calculate its total pension liability using three essential steps: (1) projecting future benefit payments for current and former employees and their beneficiaries; (2) discounting those payments to their present value; and (3) allocating the present value over past, present, and future periods of employee service.

Contacting the Library's Financial Management

The Library's Basic Financial Statements are designed to provide our citizens, taxpayers, and customers with a general overview of the Library's finances, and to show accountability for the money it receives. If you have questions about the Library's financial statements or need additional financial information, contact the Business Office, 400 Civic Center, Tulsa, OK 74103 or call (918) 549-7373.

Olga Morgan
Chief Financial Officer

Tulsa City-County Library
Statements of Net Position

June 30,

		Governmental Activities	
		2021	2020
Assets			
Current assets			
Cash and cash equivalents	\$	30,545,696	\$ 24,544,172
Ad Valorem taxes receivable		1,772,379	1,943,980
Receivable - Tulsa Library Trust		206,118	589,552
Miscellaneous receivables		-	-
Inventory		3,917	14,842
Total current assets		<u>32,528,110</u>	<u>27,092,546</u>
Capital assets			
Land		8,838,740	8,780,223
Capital assets, net		<u>67,780,744</u>	<u>70,863,171</u>
Total capital assets		<u>76,619,484</u>	<u>79,643,394</u>
Total assets		<u>109,147,594</u>	<u>106,735,940</u>
Deferred Outflow of Resources			
Pension related items		<u>3,386,679</u>	<u>3,718,556</u>
Total assets and deferred outflow of resources	\$	<u>112,534,273</u>	\$ <u>110,454,496</u>
Liabilities			
Current liabilities			
Accounts payable	\$	1,174,901	\$ 1,413,869
Salaries and benefits payable		1,587,577	1,740,310
Unearned income		31,452	39,555
Total current liabilities		<u>2,793,930</u>	<u>3,193,734</u>
Net pension liability		<u>17,925,229</u>	<u>26,521,896</u>
Total liabilities		<u>20,719,159</u>	<u>29,715,630</u>
Deferred Inflows of Resources			
Pension related items		<u>8,198,422</u>	<u>415,266</u>
Net Position			
Invested in capital assets, net of related debt		76,619,484	79,643,394
Unrestricted		<u>6,997,208</u>	<u>680,206</u>
Total net position		<u>83,616,692</u>	<u>80,323,600</u>
Total liabilities, deferred inflows of resources and net position	\$	<u>112,534,273</u>	\$ <u>110,454,496</u>

The accompanying notes are an integral part of these financial statements.

Tulsa City-County Library

Statements of Activities

Years Ended June 30,

	Governmental Activities	
	2021	2020
Expenses		
Library services:		
Personnel services	\$ 19,881,109	\$ 24,311,446
Books and other library materials and equipment	1,605,510	2,433,933
Maintenance and operations	5,360,165	5,783,036
Depreciation	6,208,432	6,750,796
Loss (gain) on sale of fixed assets	1,982	-
Cost of sales - Starbucks	51,916	299,791
Disbursement to Tulsa County for use in County Assessor reevaluation program	116,383	114,713
Total program expenses	<u>33,225,497</u>	<u>39,693,715</u>
Program revenues		
Library services and fees	763,796	726,468
Starbucks sales	111,175	566,520
Government and other grants	313,971	9,000
Specific operating/capital contributions:		
Tulsa Library Trust	467,528	652,984
Other	27,281	56,563
Total program revenues	<u>1,683,751</u>	<u>2,011,535</u>
Net program expense	<u>31,541,746</u>	<u>37,682,180</u>
General revenues		
Ad valorem taxes	34,588,712	33,016,733
Interest income	80,151	233,474
State aid	165,975	175,566
Total general revenues	<u>34,834,838</u>	<u>33,425,773</u>
Increase (decrease) in net position	3,293,092	(4,256,407)
Net position, beginning of year	<u>80,323,600</u>	<u>84,580,007</u>
Net position, end of year	<u><u>\$ 83,616,692</u></u>	<u><u>\$ 80,323,600</u></u>

The accompanying notes are an integral part of these financial statements.

Tulsa City-County Library

Balance Sheets - Governmental Funds

June 30,

	General Fund	
	2021	2020
Assets		
Cash and cash equivalents	\$ 30,545,696	\$ 24,544,172
Receivables, primarily ad valorem taxes	1,772,379	1,943,980
Receivable - Tulsa Library Trust	206,118	589,552
Inventory	3,917	14,842
Total assets	<u>\$ 32,528,110</u>	<u>\$ 27,092,546</u>
Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ 1,174,901	\$ 1,413,869
Salaries and benefits payable	391,521	544,433
Unavailable revenue	1,482,386	1,637,139
Total liabilities	<u>3,048,808</u>	<u>3,595,441</u>
Fund balances		
Nonspendable	3,917	14,842
Assigned	13,000,000	23,300,000
Unassigned	16,475,385	182,263
Total fund balances	<u>29,479,302</u>	<u>23,497,105</u>
Total liabilities and fund balances	<u>\$ 32,528,110</u>	<u>\$ 27,092,546</u>

The accompanying notes are an integral part of these financial statements.

Tulsa City-County Library

Reconciliation of the Balance Sheets of Governmental Funds to the Statements of Net Position

June 30,

	2021	2020
Fund balances - total governmental funds	\$ 29,479,302	\$ 23,497,105
<p>Amounts reported for governmental activities in the statements of net position are different because:</p>		
<p>Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the fund financial statements.</p>	76,619,484	79,643,394
<p>Ad valorem tax receivables are reported in the fund financial statements under the modified - accrual approach whereas ad valorem receivables are reported under the full accrual approach in the statement of net position. This is the net amount by which ad valorem revenues under the full accrual approach exceed ad valorem revenues under the modified-accrual approach. This excess is reported as unavailable revenue in the fund financial statements.</p>	1,450,933	1,597,584
<p>Long-term assets are reported in the statements of net position but are not reported as assets in the fund financial statements, which have been prepared under the modified-accrual basis of accounting. The detail of the individual long-term assets is as follows:</p>		
Deferred outflows of resources	3,386,679	3,718,556
<p>Long-term liabilities are reported in the statements of net position but are not reported as liabilities in the fund financial statements, which have been prepared under the modified-accrual basis of accounting. The detail of the individual long-term liabilities is as follows:</p>		
Compensated absences	(1,196,055)	(1,195,877)
Net pension liability	(17,925,229)	(26,521,896)
Deferred inflows of resources	(8,198,422)	(415,266)
Net position of governmental activities	<u>\$ 83,616,692</u>	<u>\$ 80,323,600</u>

The accompanying notes are an integral part of these financial statements.

Tulsa City-County Library

**Statements of Revenues, Expenditures and Changes in Fund Balances -
Governmental Funds**

Years Ended June 30,

	General Fund	
	2021	2020
Revenues		
Ad Valorem taxes	\$ 34,735,361	\$ 33,076,921
Interest income	80,151	233,474
Gifts and contributions:		
Tulsa Library Trust	467,528	652,984
Other	27,281	56,563
Library services and fees	763,796	726,468
Starbucks sales	111,175	566,520
Government and other grants	313,971	9,000
State aid	165,975	175,566
	<u>36,665,238</u>	<u>35,497,496</u>
Expenditures		
Library services:		
Personnel services	20,362,563	21,948,363
Books and other library materials and equipment	3,988,820	4,189,644
Maintenance and operations	5,360,165	5,783,036
Cost of sales - Starbucks	51,916	299,791
Disbursement to Tulsa County for use in County Assessor reevaluation program	116,383	114,713
Capital outlay	803,194	1,149,155
	<u>30,683,041</u>	<u>33,484,702</u>
Net change in fund balances	5,982,197	2,012,794
Fund balances - beginning of year	<u>23,497,105</u>	<u>21,484,311</u>
Fund balances - end of year	<u>\$ 29,479,302</u>	<u>\$ 23,497,105</u>

The accompanying notes are an integral part of these financial statements.

Tulsa City-County Library

Reconciliation of the Statements of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statements of Activities

Years Ended June 30,

	2021	2020
Net change in fund balances - total governmental funds	\$ 5,982,197	\$ 2,012,794
Amounts reported for governmental activities in the statements of activities are different because:		
Governmental funds report capital outlays as expenditures; however, in the statements of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay was less than depreciation in the current period.	(3,023,911)	(3,845,930)
Ad valorem tax revenue is reported in the combined fund financial statements under the modified - accrual approach whereas ad valorem revenue is reported under the full accrual approach in the statements of activities. This is the net amount by which ad valorem revenues under the full - accrual approach exceed (are less than) ad valorem revenues under the modified - accrual method.	(146,650)	(60,188)
Pension obligations per GASB 68 implementation are reported in the full - accrual approach in the statements of activities as a restatement of beginning net position.	481,634	(2,322,112)
Governmental funds report expenditures under the modified - accrual approach whereas expenditures are reported under the full - accrual approach in the statements of activities. The detail of the changes in these different approaches is as follows:		
Compensated absences	(178)	(40,971)
Change in net position of governmental activities	\$ 3,293,092	\$ (4,256,407)

The accompanying notes are an integral part of these financial statements.

Notes to Financial Statements

June 30, 2021 and 2020

Note A – Summary of Significant Accounting Policies

Reporting Entity – The Tulsa City-County Library (TCCL or the Library) was established in 1961 by Tulsa County (the County) and the City of Tulsa (the City) in accordance with the City-County Library Act of the Oklahoma statutes. Under this statute, the Library is to foster and promote the establishment, maintenance and operation of a library system in order to give all of the citizens of the counties affected equal access to comprehensive library collections. The Library is governed by a Commission consisting of eleven members: six appointed by the Mayor of the City, subject to the governing Board approval, and three shall be appointed by the Board of County Commissioners. The Mayor of the City and the Chairman of the Board of County Commissioners shall be ex-officio members of the Commission and shall be entitled to vote on all matters.

Basis of Accounting – The basic financial statements of the Tulsa City-County Library have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”) as applied to government units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Subsequent Events – The Library has evaluated subsequent events through the date which the financial statements were available to be issued.

Note B – Basis of Presentation

Government-Wide Financial Statements – The government-wide financial statements provide operational accountability information for the Library as an economic unit. The government-wide financial statements report information about the Library’s ability to maintain service levels and continue to meet its obligations as they come due. The statements include all activities of the Library and include the statements of net position and the statements of activities as required by GASB.

Fund Financial Statements – The accounts of the Library are organized on the basis of funds, each of which are considered to be an independent fiscal and accounting entity. The operations of each fund are accounted for within separate sets of self-balancing accounts, which comprise its assets, liabilities, fund equity, revenues, expenditures and transfers. Financial activities of the Library are recorded in the fund as described below.

Governmental Funds – Governmental funds finance all functions of the Library, accounting for the acquisition, use and balances of the Library’s expendable financial resources and the related liabilities.

Notes to Financial Statements

June 30, 2021 and 2020

Note B – Basis of Presentation - Continued

General Fund – The General Fund, referred to by the Library as the Levy Fund, accounts for transactions related to the receipt of appropriations of ad valorem taxes, most governmental grant and reimbursement programs, gifts and miscellaneous receipts, which are used for the general operations of the Library. As such, this fund will always be reported as a major fund. The fund also accounts for collections of copy service fees, book fines, proceeds from the sale of surplus personal property and other miscellaneous items. Such amounts are primarily expended for the purchase, replacement or repair of books or other personal property, except motor vehicles, and do not require appropriation.

Governmental fund financial statements include a balance sheet and a statement of revenues, expenditures and changes in fund balances for all major governmental funds. A reconciliation is presented to explain the differences in fund balances of the governmental fund financial statements and the net position of the governmental activities in the government-wide financial statements.

During the fiscal year ended June 30, 2004, the Library implemented GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*. This Statement amends GASB Statement No. 14 to provide additional guidance to determine whether certain organizations for which the primary government is not financially accountable should be reported as component units based on the nature and significance of their relationship with the primary government. Generally, it is required reporting, as a component unit, an organization that raises and holds economic resources for the direct benefit of the Library. Organizations that are legally separate, tax-exempt entities and that meet all the following criteria should be discretely presented as component units. These criteria are:

1. The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units or its constituents.
2. The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization.
3. The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government.

The Tulsa Library Trust (the Trust) was established to benefit the Library and, meeting the criteria above, is considered a component unit of the Library. The assets of the Trust are held in endowment funds. These funds are required to be retained in perpetuity in accordance with the donor's intent. The income from these investments may be expended for the benefit of the Library. The determination of amounts to be expended and the timing of those expenditures is solely that of the Board of the Trust. Management and the Commission of the Library cannot control the Board of the Trust, therefore, presenting the assets, liabilities and operations of the Trust alongside the financial data of the Library could and would be misleading to the users of the financial statements. In addition, the basis of accounting and reporting of the Trust follows Financial Accounting Standards Board rules for not-for-profit entities, which differ from the presentation required by the GASB. In order to comply with the requirements of Statement No. 39, management has elected to present the financial information of its discretely presented component unit in their entirety on pages 28 to 40. Management believes this presentation discloses the resources being held for the benefit of the Library and clearly shows the net position of the Trust is not under the control of the Commission.

Notes to Financial Statements

June 30, 2021 and 2020

Note C – Measurement Focus/Basis of Accounting/Accounting Policies

Measurement Focus/Revenue Recognition – The measurement focus determines the accounting and financial reporting treatment applied to a fund. The governmental activities within the government-wide statement of net position and statement of activities are presented using the economic resources measurement focus. The economic resources measurement focus meets the accounting objectives of determining net income, financial position, and cash flows. Government funds use the current financial resources measurement focus. This measurement focus is based upon the receipt and disbursement of current available financial resources rather than when earned or incurred.

Basis of Accounting – The accrual basis of accounting is used throughout the government-wide financial statements; conversely, the fund financial statements for the governmental funds have been prepared in accordance with the modified accrual basis of accounting, whereby revenues are recognized when considered both measurable and available to finance expenditures of the current period.

Accounting Policies – The Library’s significant accounting policies related to the following basic financial statement categories are summarized below.

Cash and Cash Equivalents – The Library considers all highly liquid investments in debt securities with initial maturities of three months or less to be cash equivalents.

Ad Valorem Taxes – Property taxes are collected and remitted to the County. These taxes are levied annually on November 1 and are due one-half by December 31 and one-half by March 31.

In the governmental fund financial statements, property taxes receivable are recorded in the Levy Fund. At fiscal year-end, the receivables represent delinquent and escrowed paid-under-protest taxes. If paid-under-protest and delinquent taxes are not paid within 60 days of year-end, they are recorded as deferred revenue. In the government-wide financial statements, property taxes receivable and related revenue include all amounts due the County regardless of when cash is received. Over time, substantially all property taxes are collected.

Capital Assets/Depreciation – The Library’s accounting policies regarding capital assets such as land, buildings, furniture, equipment and books are that these assets, with an initial cost of \$1,000 or more, are capitalized and depreciated over their estimated useful lives. Library materials (subscriptions) are generally expensed when purchased. The Library has chosen the straight-line depreciation method for its capital assets based on the estimated useful lives of the capital assets as follows:

<u>Class of Asset</u>	<u>Estimated Useful Life</u>
Buildings and improvement	30 years
Furniture, fixtures and equipment	3 - 20 years
Books	5 years

Capital assets do not include assets held for public exhibition, education and research.

Notes to Financial Statements

June 30, 2021 and 2020

Note C – Measurement Focus/Basis of Accounting/Accounting Policies - Continued

Compensated Absences – It is the Library’s policy to permit employees to accumulate earned but unused annual vacation leave benefits. Employees earn annual leave based on years of service. Unused annual leave may be carried forward each year up to a maximum level of twenty working days. Unused annual leave must normally be taken within the next year after it is earned. Upon termination, an employee will be paid for any vacation leave earned but not used if they have been employed at least one year. Each full-time employee also earns sick leave at a rate of 8 hours per calendar month; part-time employees earn sick leave at a reduced rate. Sick leave may accumulate up to 120 working days and may be exchanged for additional vacation days at a ratio of 2 sick days to 1 vacation day. Upon termination, an employee will not be paid for any sick leave accrued but not used, therefore, no accrual has been recorded. The governmental fund financial statements record expenditures when employees are paid for annual leave. The government-wide financial statements present the cost of accumulated vacation leaves as a liability classified as salaries and benefits payable.

Deferred Ad Valorem Taxes – The governmental fund financial statements record Ad Valorem taxes earned but not received within 60 days of year-end as deferred revenue at June 30, 2021 and 2020.

Net Position – The government-wide financial statements utilize a net position presentation that are categorized as investment in fixed assets (net of related debt), restricted and unrestricted. Investment in capital assets (net of related debt) is intended to reflect the portion of net position which is associated with non-liquid capital assets less outstanding capital assets related debt. Unrestricted net position represents unrestricted liquid assets. The governmental fund financial statements classify equity as an unreserved fund balance.

Use of Estimates – The preparation of the basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Retirement Plan and Pensions – The information presented in Note O regarding the Library’s participation in the Municipal Employees’ Retirement Plan is presented in accordance with Government Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*, an amendment of Government Accounting Standards Board Statement No. 27, *Accounting for Pensions by State and Local Government Employers*. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Municipal Employees’ Retirement Plan (MERP) and additions to/deductions from MERP’s fiduciary net position have been determined on the same basis as they are reported by MERP. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Notes to Financial Statements

June 30, 2021 and 2020

Note D – Fund Equity

Beginning with fiscal year 2011, the Library implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government’s fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

Non-spendable – Amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact (such as inventory).

Restricted – Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government) through constitutional provisions, or by enabling legislation.

Committed – Amounts constrained to specific purposes by the Library itself, using its highest level of decision-making authority (i.e., Board of Commission). To be reported as committed, amounts cannot be used for any other purpose unless the Library takes the same highest level action to remove or change the constraint.

Assigned – Amounts that are designated by the Library for a specific purpose but are not spendable without approval from the Board of Commission.

Unassigned – All amounts not included in other spendable classifications. Positive amounts are reported only in the general fund.

The General Fund has assigned funds as follows:

	2021	2020
Branch renovations	\$ 11,700,000	\$ 8,000,000
Capital replacement reserve	1,000,000	3,000,000
FY2020-2021 Operations	-	12,000,000
IT replacements	300,000	300,000
	<u>\$ 13,000,000</u>	<u>\$ 23,300,000</u>

Note E – Stewardship, Compliance and Accountability

Under Oklahoma law, the Library may not obligate funds for periods extending beyond the current fiscal year, except for the issuance of general obligation bonds. All lease and lease-purchase agreements, whether or not they are capitalized, must be re-approved at the beginning of each fiscal year. State grant revenues and expenditures are accounted for in accordance with applicable contract provisions.

Budgetary Comparison Information – The Library is not legally required to adopt an annual budget; therefore, presenting budget to actual comparisons is not considered necessary.

Notes to Financial Statements

June 30, 2021 and 2020

Note F – Cash and Cash Equivalents

The County Treasurer's office holds all cash and cash equivalents for the Library and, as agent for the Library, ensures that such deposits are properly insured or collateralized. Balances held by the County on behalf of the Library at June 30, 2021 and 2020 were included in a commingled pool of County funds with a portion of the funds held in a checking account, which is swept daily into a government money market mutual fund. The balance of the pool is invested directly in the same mutual fund. The cash is subject to the depository collateral risk of all the pooled funds of the County. Under this concept, all cash is pooled together for investment purposes and interest income is credited to the appropriate funds.

Deposits are held by Oklahoma banking institutions and are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. In addition to bank-owned securities, letters-of-credit are also used to cover deposits exceeding FDIC insurance amounts. Under state law, the institutions must protect excess county funds by pledging collateral (bank assets) to cover such funds.

Note G – Ad Valorem Taxes

The Library's share of the County's Ad Valorem taxes due but not collected by the County as of June 30, 2021 and 2020, is \$1,772,379 and \$1,943,980, respectively. Amounts are considered fully collectible.

Note H – Capital Assets

The Library's capital assets activity for fiscal 2021 and 2020 is as follows:

	Balance July 1, 2020			Balance June 30, 2021
	Balance	Additions	Deductions	Balance
Capital assets not being depreciated:				
Land and improvements	\$ 8,780,223	\$ 58,517	\$ -	\$ 8,838,740
	8,780,223	58,517	-	8,838,740
Capital assets being depreciated:				
Buildings and improvements	93,040,494	334,431	-	93,374,925
Furniture, fixtures and equipment	20,833,793	410,246	(33,809)	21,210,230
Books	20,151,022	2,383,309	(3,780,870)	18,753,461
	134,025,309	3,127,986	(3,814,679)	133,338,616
Accumulated depreciation for:				
Buildings and improvements	(38,516,872)	(2,873,007)	-	(41,389,879)
Furniture, fixtures and equipment	(16,132,669)	(1,007,740)	31,828	(17,108,581)
Books	(8,512,597)	(2,327,685)	3,780,870	(7,059,412)
	(63,162,138)	(6,208,432)	3,812,698	(65,557,872)
Total capital assets being depreciated, net	70,863,171	(3,080,446)	(1,981)	67,780,744
Capital assets, net	\$ 79,643,394	\$ (3,021,929)	\$ (1,981)	\$ 76,619,484

Notes to Financial Statements

June 30, 2021 and 2020

Note H – Capital Assets - Continued

The Library's capital assets activity for fiscal 2020 and 2019 is as follows:

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020
Capital assets not being depreciated:				
Land and improvements	\$ 8,780,223	\$ -	\$ -	\$ 8,780,223
	<u>8,780,223</u>	<u>-</u>	<u>-</u>	<u>8,780,223</u>
Capital assets being depreciated:				
Buildings and improvements	92,554,787	485,707	-	93,040,494
Furniture, fixtures and equipment	20,213,646	663,448	(43,301)	20,833,793
Books	23,472,118	1,755,711	(5,076,807)	20,151,022
	<u>136,240,551</u>	<u>2,904,866</u>	<u>(5,120,108)</u>	<u>134,025,309</u>
Accumulated depreciation for:				
Buildings and improvements	(35,331,542)	(3,185,330)	-	(38,516,872)
Furniture, fixtures and equipment	(15,081,181)	(1,094,789)	43,301	(16,132,669)
Books	(11,118,727)	(2,470,677)	5,076,807	(8,512,597)
	<u>(61,531,450)</u>	<u>(6,750,796)</u>	<u>5,120,108</u>	<u>(63,162,138)</u>
Total capital assets being depreciated, net	<u>74,709,101</u>	<u>(3,845,930)</u>	<u>-</u>	<u>70,863,171</u>
Capital assets, net	<u>\$ 83,489,324</u>	<u>\$ (3,845,930)</u>	<u>\$ -</u>	<u>\$ 79,643,394</u>

Note I – Commitments

The Library leases some of its branch library buildings. The lease terms for the branch libraries vary by location, however, there were no rent-related disbursements under these leases for 2021.

In addition, the Library has a license agreement with a computer software vendor that is renewable annually. The maintenance fee for 2021 and 2020 was \$240,070 and \$242,279, respectively.

Note J – Intergovernmental Operating Lease

TCCL has operating leases with various local governments (i.e. City of Tulsa, Tulsa Public Schools and Tulsa County) consisting of county owned building space leased to TCCL. Several of the leases are for 99 years from the original date of signature.

Notes to Financial Statements

June 30, 2021 and 2020

Note K – Deferred Compensation Plan

Employees of the Library may also participate in a deferred compensation plan adopted by the Library under provisions of the Internal Revenue Code (“IRC”) Section 457 Deferred Compensation Plans with Respect to Service for State and Local Governments. The deferred compensation plan is available to all employees of the Library. Under the plan, employees may elect to defer a portion of their salaries and avoid paying taxes on the deferred portion until the withdrawal date.

The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death or unforeseeable emergency. The deferred compensation plan is administered by an unrelated third party. Assets and income within the plan are held in trust for the exclusive benefit of plan participants and their beneficiaries through a custodial account agreement with a national financial institution for the exclusive benefit of the plan’s participants and are not reflected in the accompanying financial statements.

Note L – Ad Valorem Tax Abatement

The Library is subject to ad valorem tax abatements granted by the State of Oklahoma in accordance with the Oklahoma Constitution, Article X Section 6B for qualifying manufacturing concerns.

Under this program, a five-year ad valorem tax exemption exempts all real and personal property that is necessary for the manufacturing of a product and facilities engaged in research and development which meet the requirements set by the Oklahoma Constitution and statutes. In exchange for the five-year exemption, qualifying manufacturing concerns must incur investment costs of \$250,000 or more for construction, acquisition, or expansion of a manufacturing facility. In addition, there are general minimum payroll requirements that must be met and qualifying manufacturing concern must offer basic health benefit plan to all full-time employees within 180 days of employment. The Library had \$603,844 of ad valorem taxes abated under this program for the fiscal year ended June 30, 2021.

The State has an Ad Valorem Reimbursement Fund in accordance with Title 62 O.S. Section 193 that is used to reimburse the City for the loss of revenue. Contributions to this Fund come from a dedicated tax stream comprised of one percent of net state personal and corporate income tax revenues. The library received \$2,399 in the year ended June 30, 2021 and has an outstanding, unpaid claim of \$601,445 of reimbursement from the State as of June 30, 2021.

Notes to Financial Statements

June 30, 2021 and 2020

Note M – Transactions with the Discretely Presented Component Unit

The Tulsa Library Trust (the “Trust”) was established in 1972 by the Friends of the Tulsa Public Library, Inc., and the Tulsa City-County Library Commission. The Trust’s mission is to increase endowment and donor funding to improve and enhance the Library’s programs, collections, services, and librarian training and to administer Trust expenditures and investments. The Library is the primary beneficiary of the Trust. During the years ended June 30, 2021 and 2020, the Trust contributed \$496,878 and \$652,984, respectively, to the Library to be used for book and equipment purchases. In addition, the Trust directly sponsors various other activities such as the Distinguished Author Series and summer programs for children. As of June 30, 2021 and 2020, accounts receivable from the Trust were \$206,118 and \$589,552, respectively. Contribution and receivable amounts reported in the Trust’s audited financial statements differ from the Library’s financial statements due to timing differences in recording transaction-based application of different accounting standards, Governmental Accounting Standards Board versus Financial Accounting Standards Board. The Library considers all outstanding receivables to be fully collectable and accurate.

Note N – Related Party Transactions

The Library exchanges various services, such as cash management and payroll processing, with the City and County. No value is assigned in the financial statements to the services received from, or rendered for, as the value of these services is not readily determinable.

Note O – Retirement Plan and Pension

In June 2012, The Governmental Accounting Standards Board issued Statement No. 68, *Accounting and Financial Reporting for Pensions*. The statement was effective for fiscal years beginning after June 15, 2014. The adoption of the standard, as amended, added deferred outflows and inflows related to delayed recognition changes to the net pension liability and the recognition of the Authority’s share of net pension liabilities.

1. *Plan Description*

Employees of the Library are provided with pensions through the Municipal Employee Retirement Plan (MERP)—a cost-sharing multiple-employer defined benefit pension plan administered by the City of Tulsa (City). MERP provides retirement, disability and death benefits which are established by City ordinance to plan members and beneficiaries.

Management of MERP is vested in the Board of Trustees consisting of seven members – two elected by active plan members, one elected by retirees, two mayoral appointments, and the City’s Director of Finance and Director of Human Resources.

MERP does not issue a stand-alone financial report, however financial statements and required supplementary information are included in the City of Tulsa’s Annual Comprehensive Financial Report (ACFR). The report may be obtained by writing to the City of Tulsa Controller, 175 E. 2nd Street, Tulsa, Oklahoma 74103.

Notes to Financial Statements

June 30, 2021 and 2020

Note O – Retirement Plan and Pension - Continued

2. *Benefits Provided*

Any member entering the plan prior to July 1, 2018 whose years of continuous employment, when added to the member's age equals or exceeds 80, may retire without a reduction in the monthly benefit. Any member entering the plan on or after July 1, 2018 whose years of continuous employment, when added to the member's age equals or exceeds 90, may retire without a reduction in the monthly benefit. The amount of retirement is established by City ordinance and is equal to 2.35% for those members in the plan prior to July 1, 2018 and 2.00% for those entering the plan on or after July 1, 2018 of final average earnings of the highest 30 months within the last five years of service, up to the covered compensation, times years of service.

Pension provisions include death benefits for the surviving spouse. Disability benefits are determined in the same manner as normal retirement. Benefits vest at 100% after five years of service.

3. *Contributions*

Contributions are set per City of Tulsa ordinance. Employees were required to contribute 6.5% of their pensionable wages through December 31, 2020. The required employee contribution increased to 7.5% effective January 1, 2021. The Library was required to contribute 15.5 percent of pensionable wages through December 31, 2020. The required employer contribution for the plan increased to 16.5 effective January 1, 2021. Contributions to the pension plan from the Library were \$2,071,218 for the year ended June 30, 2021 and \$2,106,499 for the year ended June 30, 2020.

4. *Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*

At June 30, 2021, the Library reported a liability of \$17,925,229 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2021. Standard update procedures were used to roll forward the total pension liability to June 30, 2021. The Library's proportion of the net pension liability was based on the Library's share of contributions to the pension plan relative to the contributions of all participating employers. At June 30, 2021, the Library's proportion was 9.9115 percent, which was a decrease of 0.5317 percent from its proportion measured as of June 30, 2020.

Notes to Financial StatementsJune 30, 2021 and 2020

Note O – Retirement Plan and Pension - Continued4. *Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - Continued*

The library recognized pension expense of \$1,589,602 and \$4,442,593 at June 30, 2021 and 2020, respectively. The Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual plan experience	\$ -	\$ 228,347
Changes of assumptions	3,386,679	-
Net difference between projected and actual earnings on pension plan investments	-	7,147,007
Changes in proportion and differences between Library's contributions and proportionate share of contributions	-	823,068
	<hr/>	<hr/>
Total	<u>\$ 3,386,679</u>	<u>\$ 8,198,422</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (gain) as follows:

Year ended June 30:

2022	\$ 1,595,679	\$ 1,952,386
2023	981,110	1,949,682
2024	809,890	2,121,084
2025	-	2,175,270
	<hr/>	<hr/>
	<u>\$ 3,386,679</u>	<u>\$ 8,198,422</u>

Notes to Financial StatementsJune 30, 2021 and 2020

Note O – Retirement Plan and Pension - Continued5. *Actuarial Assumptions*

The total pension liability was determined by an actuarial valuation as of January 1, 2021, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.50 to 11.25 percent, including inflation
Investment rate of return	6.75 percent compounded annually, net of investment expense and including inflation

Mortality rates were based on the Pub-2010 General Employee mortality tables, which is projected with the ultimate rates of Scale MP-2020 from the year 2010.

The actuarial assumptions used in the January 1, 2021 valuation were based on the results of an actuarial experience study for the five-year period ending December 31, 2020.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed income	20%	1.16%
Domestic equity	36%	6.19%
International equity	24%	6.59%
Real estate	12%	4.24%
Other	7%	0.95%
Cash	1%	0.11%
Total	100%	

Notes to Financial Statements

June 30, 2021 and 2020

Note O – Retirement Plan and Pension - Continued

6. *Discount Rate*

The discount rate used to measure the total pension liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from the Library will be made as specified in the MERP funding policy. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

7. *Sensitivity of the Library’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate*

The following presents the Library’s proportionate share of the net pension liability calculated using the discount rate of 6.75 percent, as well as what the Library’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75 percent) or 1-percentage-point higher (7.75 percent) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Library's proportionate share of the net pension liability	\$ 27,456,315	\$ 17,925,229	\$ 9,996,264

8. *Pension Plan Fiduciary Net Position*

Detailed information about the pension plan’s fiduciary net position is available in the City of Tulsa’s Comprehensive Annual Financial Report, which can be located at www.cityoftulsa.org.

**Discretely Presented
Component Unit**

TULSA LIBRARY TRUST
STATEMENTS OF FINANCIAL POSITION
 JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 893,763	\$ -
Accrued interest receivable	20,340	23,374
Pledges receivable, net	<u>-</u>	<u>60,000</u>
Total current assets	<u>914,103</u>	<u>83,374</u>
NON-CURRENT ASSETS		
Investments	26,693,025	21,656,522
Pledges receivable, less current portion, net	<u>-</u>	<u>38,001</u>
Total non-current assets	<u>26,693,025</u>	<u>21,694,523</u>
Total assets	<u>\$ 27,607,128</u>	<u>\$ 21,777,897</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 46,599	\$ 104,838
Due to Tulsa City-County Library	<u>206,118</u>	<u>589,552</u>
Total current liabilities	<u>252,717</u>	<u>694,390</u>
NET ASSETS		
Without donor restrictions	10,413,730	7,483,860
With donor restrictions	<u>16,940,681</u>	<u>13,599,647</u>
Total net assets	<u>27,354,411</u>	<u>21,083,507</u>
Total liabilities and net assets	<u>\$ 27,607,128</u>	<u>\$ 21,777,897</u>

See accompanying notes to the financial statements

TULSA LIBRARY TRUST
STATEMENTS OF ACTIVITIES
 YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
REVENUES, GAINS AND OTHER SUPPORT		
Contributions and grants	\$ 123,572	\$ 269,825
Special activities and other	-	9,851
Investment income, net	<u>3,023,558</u>	<u>176,538</u>
Total revenues, gains and other support	<u>3,147,130</u>	<u>456,214</u>
NET ASSETS RELEASED FROM RESTRICTION	<u>421,473</u>	<u>1,010,288</u>
EXPENSES		
Program services:		
Program	467,528	1,194,646
Supporting services:		
Management and general	136,523	128,036
Fundraising	<u>34,682</u>	<u>90,960</u>
Total expenses	<u>638,733</u>	<u>1,413,642</u>
Increase in net assets without donor restrictions	<u>2,929,870</u>	<u>52,860</u>
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS		
Contributions and grants	233,233	288,800
Investment income, net	3,529,274	230,214
Net assets released from restriction	<u>(421,473)</u>	<u>(1,010,288)</u>
Increase (decrease) in net assets with donor restrictions	<u>3,341,034</u>	<u>(491,274)</u>
CHANGE IN NET ASSETS	6,270,904	(438,414)
NET ASSETS, beginning of year	<u>21,083,507</u>	<u>21,521,921</u>
NET ASSETS, end of year	<u>\$ 27,354,411</u>	<u>\$ 21,083,507</u>

See accompanying notes to the financial statements

TULSA LIBRARY TRUST
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2021

	Program Services				Supporting Services		Total Expenses
	General	Summer	Author	Total	Management	Fundraising	
	TCCL	Reading					
Support	Program	Events	Program				
Books for giveaways	\$ 34,088	\$ -	\$ 34,190	\$ 68,278	\$ -	\$ -	\$ 68,278
Central Library capital, maintenance, and repair expenditures	8,302	-	-	8,302	-	-	8,302
Conferences and training	-	-	-	-	355	-	355
Contract and consulting services	68,100	-	-	68,100	1,032	-	69,132
Employee and volunteer recognition	11,612	-	-	11,612	-	-	11,612
Miscellaneous	1,863	863	1,571	4,297	3,155	69	7,521
Payroll taxes	-	-	-	-	6,623	2,208	8,831
Printing and copying	245	39,657	3,378	43,280	642	642	44,564
Prizes	261	21,663	9,702	31,626	-	-	31,626
Professional fees	32,626	-	-	32,626	23,520	-	56,146
Program travel, equipment, catering and event fees	847	-	-	847	-	-	847
Salaries and wages	-	-	-	-	95,290	31,763	127,053
Salary reimbursement	23,714	-	-	23,714	-	-	23,714
Scholarships and awards	-	-	10,825	10,825	-	-	10,825
Software and support	18,223	-	-	18,223	5,906	-	24,129
Speaker and performance honorariums	30,850	39,938	23,150	93,938	-	-	93,938
Supplies and materials	46,688	1,621	3,551	51,860	-	-	51,860
TOTAL EXPENSES	\$ 277,419	\$ 103,742	\$ 86,367	\$ 467,528	\$ 136,523	\$ 34,682	\$ 638,733

See accompanying notes to the financial statements

TULSA LIBRARY TRUST
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2020

	Program Services			Total Program	Supporting Services		Total Expenses
	General TCCL Support	Summer Reading Program	Author Events		Management and General	Fundraising	
Books for giveaways	\$ 118,289	\$ -	\$ -	\$ 118,289	\$ -	\$ -	\$ 118,289
Central Library capital, maintenance, and repair expenditures	527,721	-	-	527,721	-	-	527,721
Conferences and training	3,523	-	-	3,523	391	-	3,914
Contract and consulting services	86,451	-	-	86,451	5,518	-	91,969
Employee and volunteer recognition	19,269	-	-	19,269	-	110	19,379
Employee benefits	-	-	-	-	2,201	2,201	4,402
General TCCL support	7,500	-	-	7,500	-	-	7,500
Miscellaneous	5,750	-	100	5,850	4,114	-	9,964
Payroll taxes	-	-	-	-	5,677	5,677	11,354
Printing and copying	54	15,237	5,072	20,363	-	1,072	21,435
Prizes	238	88,296	295	88,829	-	-	88,829
Professional fees	29,780	-	-	29,780	24,177	-	53,957
Program travel, equipment, catering and event fees	14,881	22	5,429	20,332	-	-	20,332
Salaries and wages	-	-	-	-	81,900	81,900	163,800
Salary reimbursement	62,122	-	-	62,122	-	-	62,122
Scholarships and awards	2,000	-	30,000	32,000	-	-	32,000
Software and support	613	-	-	613	3,482	-	4,095
Speaker and performance honorariums	6,705	42,607	49,689	99,001	-	-	99,001
Supplies and materials	57,222	15,648	133	73,003	576	-	73,579
TOTAL EXPENSES	\$ 942,118	\$ 161,810	\$ 90,718	\$ 1,194,646	\$ 128,036	\$ 90,960	\$ 1,413,642

See accompanying notes to the financial statements

TULSA LIBRARY TRUST
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 6,270,904	\$ (438,414)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Net realized and unrealized gain on investments	(6,218,024)	(13,059)
Capital expenditures for renovation of Central Library	8,302	527,721
Change in operating assets:		
Accrued interest receivable	3,034	3,115
Pledges receivable	98,001	-
Change in operating liabilities:		
Accounts payable and accrued liabilities	(58,239)	60,759
Amounts due to Tulsa City-County Library	(383,434)	436,953
Net cash (used in) provided by operating activities	<u>(279,456)</u>	<u>577,075</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from the sale of investments	5,335,428	3,676,274
Purchases of investments	<u>(4,153,907)</u>	<u>(3,765,707)</u>
Net cash (used in) provided by investing activities	<u>1,181,521</u>	<u>(89,433)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital expenditures for renovation of Central Library	<u>(8,302)</u>	<u>(527,721)</u>
Net cash used in financing activities	<u>(8,302)</u>	<u>(527,721)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	893,763	(40,079)
CASH AND CASH EQUIVALENTS, beginning of year	<u>-</u>	<u>40,079</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 893,763</u>	<u>\$ -</u>

See accompanying notes to the financial statements

Note A – Entity, Mission and Summary of Significant Accounting Policies

The Friends of the Tulsa City-County Library, Inc. created the Tulsa Library Trust (the “Trust”) on July 20, 1972 to receive and administer endowments to and for the benefit of the Tulsa City-County Library System (the “System”). The Purpose of the Trust is to increase endowments and donor funding to improve and enhance the System’s programs, collections, services and librarian training and advance literature and library science. The System is the primary beneficiary of the income of the Trust. The Trust is governed by a board with a maximum of fourteen trustees (“Board of Trustees”).

The accompanying financial statements of the Trust are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“generally accepted accounting principles”) as prescribed by the FASB *Accounting Standards Codification*. Resources and net assets are classified in the financial statements based on the existence or absence of donor-imposed restrictions as follows:

- Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of Trust management and the Board of Trustees.
- Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Trust or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Within the Trust’s net assets with donor restrictions, numerous donor-related funds are maintained. Although not an exhaustive listing, these funds include:

- Special Programming and Grant Fund – This fund comprises various grants and donations given for specific programming or projects that will be completed in a short-term window, normally a year or less.
- National Endowment for the Humanities Challenge Grant Fund – This fund allows the Library to pursue its commitment to fulfill and excel in its role as the community’s center for the exploration of the humanities.
- Ruth G. Hardman Literacy Fund – This fund is designated to enhance the Library’s literacy services and resources.
- Zarrow Award for Young Readers’ Literature Fund – This fund is designated to provide a cash prize and to host a public program honoring the recipient of the annual Anne V. Zarrow award.
- Peggy V. Helmerich Distinguished Author Award Fund – This fund is designated to provide a cash prize to the recipient of the annual Distinguished Author award.
- Peggy V. Helmerich Library Landscape Fund – This fund is designated to provide landscaping and grounds maintenance to the Peggy V. Helmerich Library as well as additional libraries if the fund has sufficient income.
- Lillian Norberg Fund – This fund was started by contributions from the Friends of the Tulsa City-County Library (“Friends”) and transferred to the Tulsa Library Trust to maintain. The Friends group determines what the income is designated for on a yearly basis.
- Central Library Capital Reserve Fund – This fund represents the remaining balance of contributions, over and above project costs of the Central Library’s most recent renovation. Funds will be expended for future Central Library costs, as outlined in the Development agreement dated July 31, 2014, between the Tulsa Library Trust and The City-County Library Commission of Tulsa County.

Note A – Entity, Mission and Summary of Significant Accounting Policies - Continued

Other significant policies include:

Cash and Cash Equivalents

Cash and cash equivalents include cash on deposit in demand and interest-bearing accounts with an initial maturity of three months or less.

Contributions and grants

Contributions, including unconditional promises to give, are recognized as revenues in the period received or promised. Contributions are recorded at their fair value at the time the promise is made. Conditional promises to give are not recorded until conditions are substantially met.

Pledges Receivable

In 2013, the Trust implemented a capital campaign to raise funds to renovate the Central Library. Pledges are recorded at their fair value at the time the promise is made.

The pledges are expected to be collected over a five-year period from the date the pledge was received. Unconditional promises to give that are expected to be collected in future years are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contributions and grants revenue.

The Trust evaluated its outstanding pledges at June 30, 2020, and determined an allowance for uncollectible pledges was not considered necessary. As of June 30, 2021, there were no pledges outstanding.

Contributions to Endowment Funds

The Trust received no contributions restricted for endowment purposes during the years ended June 30, 2021 and 2020, respectively.

Investments

Investments in marketable securities with readily determinable fair values and investments in debt and equity securities are reported at their fair values in the statements of financial position. The Trust reports these investments for which a quoted market price is available at fair value based upon information obtained from published sources. Investments include a managed cash fund of a bank's trust department.

Investments in private equities funds with no readily determinable fair values are valued at NAV (Net Asset Value) per share, or its equivalent such as member units or an ownership interest in partners' capital.

Investment income or loss (including realized and unrealized gains and losses on investments, interest and dividends) are included in the statement of activities as increases or decreases in net assets without donor restrictions or, when applicable, in net assets with donor restrictions if required by donor stipulation. Investment income is reported net of related advisory fees.

Income Taxes

The Trust is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, and, consequently, no provision for income taxes has been included in the accompanying financial statements. The

Note A – Entity, Mission and Summary of Significant Accounting Policies - Continued

Income Taxes - continued

Trust files exempt organization income tax returns in the U.S. federal and state of Oklahoma jurisdiction. In general, tax returns filed more than three years ago are no longer subject to examination.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Functional Allocation of Expenses

The costs of providing program services and supporting activities of the Trust have been summarized on a functional basis in the statements of activities. Accordingly, salaries and wages, payroll taxes, and employee benefits have been allocated among the program services and supporting activities benefited. Such expenses were allocated on an estimated time and effort basis. All other expenses are charged directly to each applicable category.

Subsequent Events

The Trust has evaluated subsequent events through the date of the independent auditor's report, the date which the financial statements were available to be issued and determined the following be disclosed.

Note B – Investments

The Trust has retained several outside investment management firms to provide for investment of the monies of the Trust except for a small amount of cash. Bank of Oklahoma is the custodian of all cash and investments. Certificates of deposit are held with local banks.

The general investment policy is to diversify investments among equity, fixed income, real return and alternative asset securities so as to provide a balance expected to enhance total return while avoiding undue risk concentration in any single asset class or sub-class.

TULSA LIBRARY TRUST
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2021 AND 2020

Note B – Investments - Continued

The composition of the Trust's investments is as follows:

	June 30, 2021		June 30, 2020	
	Fair Value	Cost	Fair Value	Cost
Managed cash fund	\$ 127,795	\$ 127,795	\$ 161,066	\$ 161,066
Certificates of deposit	256,035	250,000	504,773	500,000
U.S. Treasuries	476,541	456,501	515,011	454,267
U.S. Agencies	256,046	246,702	349,442	336,445
Corporate bonds	955,577	936,727	820,490	778,217
Municipal bonds	368,105	360,541	273,913	269,526
Mutual funds - fixed	4,085,035	4,016,005	4,617,284	4,483,705
Equity securities - mutual funds	19,093,847	10,658,948	13,478,661	10,234,203
Private equity fund	1,074,044	761,731	935,882	761,731
	<u>\$ 26,693,025</u>	<u>\$ 17,814,950</u>	<u>\$ 21,656,522</u>	<u>\$ 17,979,160</u>

During the years ended June 30, 2021 and 2020, the Trust's investments increased in value (including investments bought, sold and held during the year) as listed below:

	2021	2020
Interest	\$ 54,445	\$ 64,447
Dividends	280,362	329,246
Realized gains	1,065,668	665,450
Unrealized gains (losses)	5,178,071	(628,229)
Advisory fees	(25,714)	(24,162)
	<u>\$ 6,552,832</u>	<u>\$ 406,752</u>

The changes in value are reported as investment income in the Statements of Activities as follows:

	2021	2020
Without donor restrictions	\$ 3,023,558	\$ 176,538
With donor restrictions	3,529,274	230,214
	<u>\$ 6,552,832</u>	<u>\$ 406,752</u>

Accounting Standards Codification Topic 820, *Fair Value Measurement and Disclosures* (ASC 820) defines fair value and establishes a consistent framework for measuring fair value. These inputs are summarized in the three broad levels listed below.

- Level 1 – Quoted prices in active markets for identical securities.
- Level 2 – Other significant observable inputs (including quoted prices for similar securities)
- Level 3 – Significant unobservable inputs (including the Trust's own assumptions in determining the value of investments)

When available, the Trust used quoted prices in active markets to measure fair value of the Trust's investments.

The Trust's investment in a private equity fund is a nonmarketable security measured at net asset value (NAV). The Trust elected to report the fair value of its nonmarketable security using NAV as a practical expedient. The practical

TULSA LIBRARY TRUST
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2021 AND 2020

Note B – Investments - Continued

expedient allows for the use of NAV, as reported by the investee fund. The redemption period of the fund is every six months and requires notice.

The following represents the fair value measurements of assets recognized in the accompanying balance sheets at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30:

	Fair Value Measurements at June 30, 2021			Total
	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	
Managed cash fund	\$ 127,795	\$ -	\$ -	\$ 127,795
Certificates of deposit	256,035	-	-	256,035
U.S. Treasuries	476,541	-	-	476,541
U.S. Agencies	-	256,046	-	256,046
Corporate bonds	-	955,577	-	955,577
Municipal bonds	-	368,105	-	368,105
Mutual funds - fixed	4,085,035	-	-	4,085,035
Equity securities - mutual funds	19,093,847	-	-	19,093,847
	<u>\$ 24,039,253</u>	<u>\$ 1,579,728</u>	<u>\$ -</u>	<u>\$ 25,618,981</u>
Private equity fund at NAV				<u>1,074,044</u>
Total investments				<u>\$ 26,693,025</u>

	Fair Value Measurements at June 30, 2020			Total
	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	
Managed cash fund	\$ 161,066	\$ -	\$ -	\$ 161,066
Certificates of deposit	504,773	-	-	504,773
U.S. Treasuries	515,011	-	-	515,011
U.S. Agencies	-	349,442	-	349,442
Corporate bonds	-	820,490	-	820,490
Municipal bonds	-	273,913	-	273,913
Mutual funds - fixed	4,617,284	-	-	4,617,284
Equity securities - mutual funds	13,478,661	-	-	13,478,661
	<u>\$ 19,276,795</u>	<u>\$ 1,443,845</u>	<u>\$ -</u>	<u>\$ 20,720,640</u>
Private equity fund at NAV				<u>935,882</u>
Total investments				<u>\$ 21,656,522</u>

There were no transfers into or out of levels 1, 2, or 3 for the years ended June 30, 2021 and 2020.

TULSA LIBRARY TRUST
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2021 AND 2020

Note C – Pledges Receivable

In 2013, the Trust implemented a capital campaign to raise funds to renovate the Central Library. The pledges are expected to be collected over a five-year period from the date the pledge was received. As noted below, as of June 30, 2021, all pledges were collected. Unconditional promises to give that are expected to be collected in future years are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received.

Pledges receivable at June 30, 2021 and 2020, are as follows:

	2021	2020
Capital Campaign pledges	\$ -	\$ 100,000
Other pledges	-	-
	-	100,000
Less: discount to present value	-	(1,999)
Net pledges receivable	<u>\$ -</u>	<u>\$ 98,001</u>

Note D – Funds Held by Tulsa Community Foundation

In February 2000, the Trust contracted with the Tulsa Community Foundation (the “Foundation”) to create the Library Books for Children Fund as an agency fund of the Foundation. In June 2002, the Trust contracted with the Foundation to create the Betty Kaiser Library Literacy Fund as another fund of the Foundation. Under the agency fund agreements, a significant portion of donor’s contributions to the funds are intended to remain in the Funds as permanent endowments, with periodic distributions to be made from the Library Books for Children Fund to the Trust and from the Betty Kaiser Library Literacy Fund to the Trust in accordance with the Foundation’s spending policy. At June 30, 2021, the fair value of the Library Books for Children Fund and the Betty Kaiser Library Literacy Fund was approximately \$686,000 and \$323,000, respectively. At June 30, 2020, the fair value of the Library Books for Children Fund and the Betty Kaiser Library Literacy Fund was approximately \$564,000 and \$264,000, respectively.

The Foundation holds unilateral power to direct the use of the assets in the funds; therefore, the assets of the funds are not reflected in the accompanying financial statements of the Trust. Distributions made to the Trust by the Library Books for Children Fund during the fiscal years ended June 30, 2021 and 2020 totaled \$28,629 and \$28,510, respectively. Distributions made to the Trust by the Betty Kaiser Library Literacy Fund during the fiscal years ended June 30, 2021 and 2020 totaled \$13,430 and \$13,399, respectively.

Note E – Endowment

The Trust classifies as net assets with donor restrictions not subject to appropriations or expenditure (a) the original value of gifts donated and (b) the original value of subsequent gifts. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on donor-imposed restrictions. Appropriations for expenditure from the Endowment are governed in accordance with the Trust’s spending policy.

The Trust’s spending policy is designed to release substantial current income for operating purposes in a stable stream while protecting the value of its invested assets against inflation. The Trust plans to distribute annually a percentage of a trailing three-year (twelve quarter) average of the investment’s total market value, with the understanding that this spending rate, plus the rate of inflation, will not normally exceed the long-term total return earned on such investments. During February 2016, the Board approved a change in the distribution percentage to decrease the distribution percentage a quarter percent each year until it reaches 4%. For the years ended June 30, 2021 and 2020, the percentages were 4.00%. This total return basis for calculating spending is sanctioned by the

TULSA LIBRARY TRUST
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2021 AND 2020

Note E – Endowment - Continued

Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA), under which guidelines the Trust is permitted to spend an amount in excess of current yield (interest and dividends earned), including realized or unrealized appreciation. The spending policy is applied to endowment contributions consistent with donor stipulations. Periodically, the Trust reviews its spending policy to ensure consistency with the overall long-term objectives of the Trust.

Note F – Liquidity and Availability of Resources

The table below reflects the Trust's financial assets as of June 30, 2021 and 2020, reduced by amounts that are not available for general use due to contribution or donor imposed restrictions within one year of the financial statement date. Non-current portions of pledges receivable, beneficial interests in trusts and investments have been included in the calculation of financial assets as those amounts are subject to donor-imposed restrictions. Amounts that are not available also include board designated amounts that could be utilized if the Board of Trustees approved the use.

	<u>2021</u>	<u>2020</u>
Financial assets, at year-end:		
Cash and cash equivalents	\$ 893,763	\$ -
Accrued interest receivable	20,340	\$ 23,374
Pledges receivable	-	98,001
Investments	<u>26,693,025</u>	<u>21,656,522</u>
Total financial assets	\$ 27,607,128	\$ 21,777,897
Less those unavailable for general expenditure within one year, due to contractual or donor imposed restrictions:		
Restricted by donor with purpose restrictions	(11,269,888)	(7,928,854)
Not subject to appropriation or expenditure	<u>(5,670,793)</u>	<u>(5,670,793)</u>
	<u>(16,940,681)</u>	<u>(13,599,647)</u>
Board of Trustee designations	<u>(1,833,185)</u>	<u>(1,562,817)</u>
Financial assets available to meet cash needs for general expenditure within one year:	<u>\$ 8,833,262</u>	<u>\$ 6,615,433</u>

The Trust defines general expenditures as those that support the exempt purpose of the Trust, which is to improve and enhance the System's programs, collections, and services, and for the advancement of literature and library science. The Trust structures its financial assets to be available for general expenditures as they become due.

TULSA LIBRARY TRUST
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2021 AND 2020

Note G – Net Assets

Net assets without donor restriction, but designated by the Trust for a particular purpose, consist of the following at June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Subject to Trustee designation		
Designated for future Library materials purchases and specific project expenditures	<u>\$ 1,833,185</u>	<u>\$ 1,562,817</u>

Net assets with donor restrictions are restricted by the donors as to purpose or time and consist of the following at June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Subject to purpose restrictions:		
National Endowment for the Humanities Challenge Grant Fund	\$ 4,005,250	\$ 2,870,665
Peggy V. Helmerich Materials Fund	157,703	113,531
Marcus R. Tower Service Award Fund	98,067	61,849
Peggy V. Helmerich Distinguished Author Award	755,561	481,416
Peggy V. Helmerich Library Landscape Fund	761,168	541,142
Peggy V. Helmerich Special Library Project Fund	367,186	48,510
Ruth G. Hardman Literacy Fund	1,375,387	884,565
Zarrow Award for Young Readers' Literature Fund	572,397	376,980
Aaronson Lecture Series Fund	41,398	29,875
Lillian Norberg Endowment Fund	81,019	53,386
Rosetta Mulmed Fund	4,360	4,515
Special Programming and Grant Fund	519,341	519,100
Central Library Capital Reserve Fund	2,531,051	1,943,320
	<u>11,269,888</u>	<u>7,928,854</u>
Not subject to appropriation or expenditure:		
Library Support Fund	1,971,649	1,971,649
National Endowment for the Humanities Challenge Grant Fund	1,068,838	1,068,838
Peggy V. Helmerich Materials Fund	50,938	50,938
Marcus R. Tower Service Award Fund	51,225	51,225
Peggy V. Helmerich Distinguished Author Award	350,000	350,000
Peggy V. Helmerich Library Landscape Fund	210,000	210,000
Peggy V. Helmerich Special Library Project Fund	946,393	946,393
Ruth G. Hardman Literacy Fund	700,000	700,000
Zarrow Award for Young Readers' Literature Fund	275,000	275,000
Aaronson Lecture Series Fund	6,100	6,100
Lillian Norberg Endowment Fund	40,650	40,650
	<u>5,670,793</u>	<u>5,670,793</u>
Total net assets with donor restrictions	<u>\$ 16,940,681</u>	<u>\$ 13,599,647</u>

Net assets with donor restrictions subject to purpose restrictions were released from restriction through expenditures for the purposes for which received.

**Required
Supplemental Information**

Tulsa City-County Library

Required Supplemental Information

Schedule of Proportionate Share of the Net Pension Liability - last 10 fiscal years*

As of Plan Year-end of June 30,

	2021	2020	2019	2018	2017	2016
Library's proportion of the net pension liability	9.91%	10.44%	10.70%	10.10%	9.58%	9.44%
Library's proportionate share of the net pension liability	\$ 17,925,229	\$ 26,521,896	\$ 25,124,435	\$ 19,834,282	\$ 18,922,255	\$ 20,428,139
Library's covered-employee payroll	\$ 12,945,113	\$ 13,585,219	\$ 13,278,613	\$ 12,000,484	\$ 11,578,739	\$ 10,858,591
Library's proportionate share of the net pension liability as a percentage of its covered-employee payroll	138.5%	195.2%	189.2%	165.3%	163.4%	188.1%
Plan fiduciary net position as a percentage of the total pension liability	76.92%	65.22%	66.91%	70.61%	69.39%	65.62%

* Note - Only the current and prior five fiscal years are presented because 10-year data is not available.

Tulsa City-County Library

Required Supplemental Information

Schedule of Contributions - last 10 fiscal years*

June 30,

	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 2,071,218	\$ 2,106,499	\$ 2,058,185	\$ 1,860,075	\$ 1,331,555	\$ 1,255,824	\$ 1,225,824
Contribution in relation to contractually required contribution	\$ 2,071,218	\$ 2,106,499	\$ 2,064,806	\$ 1,864,297	\$ 1,328,724	\$ 1,216,807	\$ 1,707,789
Contribution deficiency (excess)	\$ -	\$ -	\$ (6,621)	\$ (4,222)	\$ 2,831	\$ 39,017	\$ (481,965)
Library's covered-employee payroll	\$ 12,945,113	\$ 13,585,219	\$ 13,278,613	\$ 12,000,484	\$ 11,578,739	\$ 10,858,591	\$ 10,920,208
Contributions as a percentage of covered-employee payroll	16.0%	15.5%	15.5%	15.5%	11.5%	11.2%	15.6%

* Note - Only the current and prior six fiscal years are presented because 10-year data is not available.

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Other Supplemental Information

Tulsa City-County Library

Supplemental Schedule of Capital Assets by Location (Cash Basis)

June 30, 2021

	Land	Buildings and Improvements	Furniture Fixtures and Equipment	Total Property, Plant and Equipment	Number of Books and Certain Other Library Materials
Bixby	\$ 85,267	\$ 323,268	\$ 124,754	\$ 533,289	\$ 23,426
COLS & OS/Bookmobile	-	17,710	682,462	700,172	14,574
Broken Arrow	175,000	1,923,253	353,644	2,451,897	53,656
BA Property/Country Villa	1,166,925	-	-	1,166,925	-
Brookside	120,678	710,493	260,783	1,091,954	36,122
Central	386,873	53,637,047	12,760,065	66,783,985	768,351
Charles Page	2,000	1,148,289	143,426	1,293,715	25,662
Collinsville	84,990	1,202,796	151,323	1,439,109	21,392
Kendall-Whittier	103,064	714,703	144,022	961,789	20,808
Glenpool	97,157	621,344	108,486	826,987	24,312
New HK Kaiser (HKK)	-	2,380,007	383,722	2,763,729	44,550
Hardesty South Regional/Genealogy	2,225,229	7,690,647	1,041,377	10,957,253	96,961
Jenks	64,349	649,093	148,736	862,178	862,179
Jenks/Main Street	2,343,134	-	-	2,343,134	-
Judy A. Kishner Library (KI)	105,258	1,185,252	160,739	1,451,249	14,863
Martin East Regional	52,680	3,246,011	687,466	3,986,157	62,427
Maxwell	-	518,580	124,346	642,926	18,203
Nathan Hale	50,291	684,087	132,565	866,943	21,799
Owasso	524,197	1,105,693	232,310	1,862,200	53,421
Peggy Helmerich	196,044	1,985,802	277,582	2,459,428	44,931
Pratt	-	595,662	139,038	734,700	24,472
Rudisill North Regional	-	2,501,056	530,597	3,031,653	31,656
SBA Land	18,284	-	-	18,284	-
SC Strip Center	428,400	1,847,636	-	2,276,036	-
Schusterman-Benson	279,446	1,485,555	267,687	2,032,688	35,319
Skiatook	50,000	741,582	122,186	913,768	20,924
South Broken Arrow	74,775	640,407	168,192	883,374	40,163
Suburban Acres	-	607,042	129,531	736,573	12,033
Support Service Center	131,000	3,094,278	1,658,262	4,883,540	-
Zarrow Regional Library	73,699	2,117,632	276,929	2,468,260	37,187
Totals	\$ 8,838,740	\$ 93,374,925	\$ 21,210,230	\$ 123,423,895	\$ 2,409,391

NOTE: The capital assets above are recorded at cost of fair value at date of donation, with the exception of books and certain other library-related materials, which are presented as number of units. The schedule is prepared on a cash basis, so it may differ from amounts presented in the accompanying accrual basis government-wide financial statements.

Tulsa City-County Library

Supplemental Schedule of Capital Assets by Location (Cash Basis)

June 30, 2020

	Land	Buildings and Improvements	Furniture Fixtures and Equipment	Total Property, Plant and Equipment	Number of Books and Certain Other Library Materials
Bixby	\$ 33,750	\$ 315,813	\$ 113,821	\$ 463,384	\$ 22,356
COLS & OS/Bookmobile	-	17,710	685,298	703,008	15,328
Broken Arrow	1,341,925	1,915,722	406,499	3,664,146	48,627
Brookside	120,678	699,909	248,306	1,068,893	36,620
Central Librarium	386,873	53,621,079	12,674,104	66,682,056	385,453
Charles Page	-	-	-	-	-
Collinsville	-	1,146,139	133,175	1,279,314	25,020
Kendall-Whittier	84,990	1,202,797	141,714	1,429,501	20,964
Glenpool	103,064	714,703	134,013	951,780	21,347
New HK Kaiser (HKK)	97,157	621,344	98,235	816,736	22,154
Hardesty South Regional/Genealogy	-	2,343,705	373,229	2,716,934	42,672
Jenks	2,225,230	7,690,647	1,010,386	10,926,263	102,784
Judy A. Kishner Library (KI)	2,407,483	618,327	138,259	3,164,069	29,202
Martin East Regional	105,258	1,162,492	150,824	1,418,574	15,120
Maxwell	52,680	3,237,965	666,334	3,956,979	68,516
Nathan Hale	-	518,580	113,989	632,569	18,036
Owasso	50,291	684,087	123,137	857,515	20,831
Peggy Helmerich	524,197	1,093,785	211,892	1,829,874	52,467
Pratt	196,044	1,973,600	266,631	2,436,275	42,446
Rudisill North Regional	-	585,260	128,788	714,048	23,765
SC Strip Center	-	2,501,056	520,240	3,021,296	33,307
Schusterman-Benson	428,400	1,847,636	-	2,276,036	-
Skiatook	279,445	1,368,221	247,268	1,894,934	39,062
South Broken Arrow	50,000	735,573	109,523	895,096	19,731
Suburban Acres	93,059	637,925	73,705	804,689	37,439
Support Service Center	-	598,967	119,280	718,247	11,844
Zarrow Regional Library	126,000	3,094,274	1,669,981	4,890,255	-
Totals	73,699	2,093,178	275,162	2,442,039	38,119
	<u>\$ 8,780,223</u>	<u>\$ 93,040,494</u>	<u>\$ 20,833,793</u>	<u>\$ 122,654,510</u>	<u>\$ 1,193,210</u>

NOTE: The capital assets above are recorded at cost of fair value at date of donation, with the exception of books and certain other library-related materials, which are presented as number of units. The schedule is prepared on a cash basis, so it may differ from amounts presented in the accompanying accrual basis government-wide financial statements.



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**Independent Auditor's Report on Internal Control over Financial
Reporting and on Compliance and Other Matters Based on an Audit of
Financial Statements Performed in Accordance with *Government
Auditing Standards***

To the Commission of the
Tulsa City-County Library

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the discretely presented component unit, and the major fund of Tulsa City-County Library (the Library), as of and for the year ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements and have issued our report thereon dated March 15, 2022.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Library's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Library's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Library's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Library's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts.

However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management and the Commission of the Tulsa City-County Library, and is not intended to be and should not be used by anyone other than these specified parties.

Hick & Company, PC

Tulsa, Oklahoma
March 15, 2022

