

**Tulsa City-County Library**

**Financial Statements**

and

Report of Independent Certified Public Accountants

**June 30, 2011 and 2010**

**Contents**

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	PAGE
Report of Independent Certified Public Accountants .....	1 - 2
Management’s Discussion and Analysis .....	3 - 7
<b>Financial Statements</b>	
<b>Tulsa City-County Library (Primary Government)</b>	
Statements of Net Assets .....	8
Statements of Activities .....	9
Balance Sheets – Governmental Funds .....	10
Reconciliation of the Balance Sheets of Governmental Funds to the Statements of Net Assets .....	11
Statements of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds .....	12
Reconciliation of the Statements of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statements of Activities .....	13
Notes to Financial Statements .....	14 - 22
<b>Tulsa Library Trust (Discreetly Presented Component Unit)</b>	
Statements of Net Assets .....	23
Statements of Revenues, Expenses and Changes in Net Assets .....	24
Statements of Cash Flows .....	25 - 26
Notes to Financial Statements .....	27 - 36
<b>Other Supplemental Information</b>	
Supplemental Schedule of Capital Assets by Location (Cash Basis) .....	37 - 38
<b>Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....</b>	<b>39 - 40</b>



## Report of Independent Certified Public Accountants

To the Commission of the  
Tulsa City-County Library

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit (presented on pages 23 to 36) and the major fund of the Tulsa City-County Library (the "Library") as of and for the years ended June 30, 2011 and 2010, which collectively comprise the Library's basic financial statements as listed in the foregoing table of contents. These financial statements are the responsibility of the Library's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits of these statements 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the discretely presented component unit and the major fund of the Library as of June 30, 2011 and 2010, and the respective changes in financial position thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

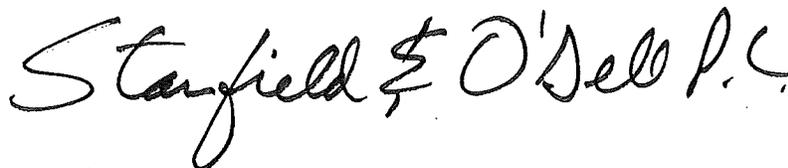
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information on pages 3 to 7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by 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.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of capital assets by location (cash basis) is presented for purposes of additional analysis and is not a required part of the basic financial statements. This schedule is the responsibility of the management of the Library. Such additional information has been subjected to the auditing procedures applied in our audit of

the basic financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have issued our report dated November 14, 2011, on our consideration of the Library's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Tulsa, Oklahoma  
November 14, 2011

A handwritten signature in black ink that reads "Stanfield & O'Sell P.C." The signature is written in a cursive, flowing style.

**Management's Discussion  
and Analysis**

## 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, 2011 and 2010. 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 8.

During fiscal 2004, the Library implemented Governmental Accounting Standards Board (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.

### Financial Highlights

Financial highlights for the Library as of and for the years ended June 30, 2011 and 2010 include the following:

- The Library's assets exceeded its liabilities (net assets) at June 30, 2011 and 2010, by approximately \$68.8 and \$67.4 million, respectively.
- The Library's net assets increased approximately \$1.4 and \$1.2 million during the years ended June 30, 2011 and 2010, respectively.
- Revenues from ad valorem taxes were \$25.9 and \$25.3 million for the years ended June 30, 2011 and 2010, respectively.
- Total expenses were approximately \$27.1 and \$26.1 million for the years ended June 30, 2011 and 2010, respectively.
- Fiscal 2011 and 2010 capital outlay expenditures were approximately \$2.2 and \$4.2 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 Assets and the Statements of Activities (on pages 8 and 9, 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 10 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.

## **The Statement of Net Assets 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 Assets 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 Assets 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 10 and provide detailed information about the Library's governmental funds.

*General Fund* – The General Fund is referred to by the Library as the Levy Fund, and 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. The fund also accounts for collections of copy service fees, book fines, proceeds from the sale of surplus property, 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 14.

## **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.

## The Library as a Whole

### Net Assets

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

	2011	2010
Current assets	\$ 28,750,868	\$ 26,842,619
Capital assets	41,649,302	42,151,485
Total assets	70,400,170	68,994,104
Total liabilities (including long-term capital leases of \$52,564 and \$77,560, respectively)	(1,554,821)	(1,519,829)
Net assets		
Investment in capital assets, net of related debt	41,596,738	42,073,925
Unrestricted	27,248,611	25,400,350
	<u>\$ 68,845,349</u>	<u>\$ 67,474,275</u>

### Changes in Net Assets

Information from the Library's fiscal 2011 and 2010 Statements of Activities is shown below:

#### Revenues

##### Program Revenues:

Library services and fees	\$ 1,180,669	\$ 1,028,051
Governmental and other grants	469,622	111,668
Gifts and contributions:		
Trust	623,000	521,645
Other	2,117	2,706

##### General Revenues:

Ad valorem taxes	25,901,642	25,272,716
Interest income	37,727	58,197
State aid	268,281	296,097
Total revenues	<u>28,483,058</u>	<u>27,291,080</u>

#### Expenses

##### Library services:

Personnel services	16,377,159	15,756,982
Books and other library materials and equipment	880,193	1,092,513
Maintenance and operations	4,458,719	4,092,944
Depreciation	5,273,343	5,007,301
Disbursements to Tulsa County for use in revaluation program	118,410	122,142
Other	4,160	4,693

Total expense	<u>27,111,984</u>	<u>26,076,575</u>
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Change in net assets	<u>\$ 1,371,074</u>	<u>\$ 1,214,505</u>
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### Analysis of Overall Financial Position and Results of Operations

## **The Library's Funds**

The Library's total fund balance increased by approximately \$1.8 million during fiscal 2011 to approximately \$26.6 million at June 30, 2011, from approximately \$24.8 million at June 30, 2010. The \$12 million in assigned funds is reserved for the Central Library renovations. The unassigned fund balance as of June 30, 2011, has been internally designated for encumbrances (approximately \$484,000) and for buildings and technology (approximately \$269,000). Total fund revenues for fiscal 2011 were approximately \$28 million, which included ad valorem tax revenues of approximately \$26 million.

## **Capital Asset and Debt Administration**

### **Assets**

At June 30, 2011 and 2010, the Library had approximately \$41.6 and \$42.2 million, respectively, invested in capital assets. Capital assets, net of accumulated depreciation, decreased by \$.6 and increased by \$1.5, respectively, during the fiscal years ended 2011 and 2010.

### **Debt**

At June 30, 2011 and 2010, the Library had approximately \$53,000 and \$78,000 respectively, outstanding on capital leases for copy machines.

## **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.

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 and, 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.

### **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.

Director – Finance and Operations

Tulsa City-County Library

**Statements of Net Assets**

June 30,

	Governmental Activities	
	2011	2010
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 26,840,512	\$ 24,970,910
Ad Valorem taxes receivable	1,590,085	1,459,305
Receivable - Tulsa Library Trust	24,615	91,979
Miscellaneous receivables	17,156	41,925
Funds held in escrow	278,500	278,500
Total current assets	<u>28,750,868</u>	<u>26,842,619</u>
Capital assets		
Land, non-depreciable capital assets	6,417,989	6,620,011
Capital assets, net	<u>35,231,313</u>	<u>35,531,474</u>
Total capital assets	<u>41,649,302</u>	<u>42,151,485</u>
Total assets	<u>\$ 70,400,170</u>	<u>\$ 68,994,104</u>
<b>Liabilities</b>		
Current liabilities		
Accounts payable	\$ 493,418	\$ 478,134
Salaries and benefits payable	1,008,839	964,135
Capital lease obligations payable within one year	18,661	24,225
Total current liabilities	<u>1,520,918</u>	<u>1,466,494</u>
Capital lease obligations payable after one year	33,903	53,335
Total liabilities	<u>1,554,821</u>	<u>1,519,829</u>
<b>Net Assets</b>		
Invested in capital assets, net of related debt	41,596,738	42,073,925
Unrestricted	<u>27,248,611</u>	<u>25,400,350</u>
Total net assets	<u>68,845,349</u>	<u>67,474,275</u>
Total liabilities and net assets	<u>\$ 70,400,170</u>	<u>\$ 68,994,104</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	
	2011	2010
Expenses		
Library services:		
Personnel services	\$ 16,377,159	\$ 15,756,982
Books and other library materials and equipment	880,193	1,092,513
Maintenance and operations	4,458,719	4,092,944
Depreciation	5,273,343	5,007,301
Disbursement to Tulsa County for use in County Assessor reevaluation program	118,410	122,142
Other	4,160	4,693
Total program expenses	<u>27,111,984</u>	<u>26,076,575</u>
Program revenues		
Library services and fees	1,180,669	1,028,051
Government and other grants	469,622	111,668
Specific operating/capital contributions:		
Tulsa Library Trust	623,000	521,645
Other	2,117	2,706
Total program revenues	<u>2,275,408</u>	<u>1,664,070</u>
Net program expense	<u>24,836,576</u>	<u>24,412,505</u>
General revenues		
Ad valorem taxes	25,901,642	25,272,716
Interest income	37,727	58,197
State aid	268,281	296,097
Total general revenues	<u>26,207,650</u>	<u>25,627,010</u>
Increase in net assets	1,371,074	1,214,505
Net assets, beginning of year	<u>67,474,275</u>	<u>66,259,770</u>
Net assets, end of year	<u>\$ 68,845,349</u>	<u>\$ 67,474,275</u>

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

Tulsa City-County Library

**Balance Sheets - Governmental Funds**

June 30,

	General Fund	
	2011	2010
<b>Assets</b>		
Cash and cash equivalents	\$ 26,840,512	\$ 24,970,910
Receivables, primarily ad valorem taxes	1,590,085	1,459,305
Receivable - Tulsa Library Trust	24,615	91,979
Miscellaneous receivable	17,156	41,925
Total assets	<u>\$ 28,472,368</u>	<u>\$ 26,564,119</u>
<b>Liabilities and Fund Balances</b>		
Liabilities		
Accounts payable	\$ 493,417	\$ 478,134
Salaries and benefits payable	72,434	75,195
Deferred ad valorem tax revenue	1,292,270	1,194,570
Total liabilities	<u>1,858,121</u>	<u>1,747,899</u>
Fund balances		
Assigned	12,000,000	-
Unassigned	14,614,247	24,816,220
Total fund balances	<u>26,614,247</u>	<u>24,816,220</u>
Total liabilities and fund balances	<u>\$ 28,472,368</u>	<u>\$ 26,564,119</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 Assets**

June 30,

	2011	2010
Fund balances - total governmental funds	\$ 26,614,247	\$ 24,816,220
Amounts reported for governmental activities in the statements of net assets are different because:		
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the fund financial statements.	41,649,302	42,151,485
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 assets. This is the net amount by which ad valorem receivables under the full accrual approach exceed ad valorem revenues under the modified-accrual approach. This excess is reported as deferred revenue in the fund financial statements.	1,292,270	1,194,570
Funds held in escrow are not an available financial resource in the fund financial statements under the modified - accrual approach in the statements of net assets and therefore, are not reported in the fund financial statements.	278,500	278,500
Accrued compensated absences are reported in the statements of net assets, but are not reported as liabilities in the fund financial statements, which have been prepared under the modified-accrual basis of accounting.	(936,405)	(888,940)
Capital lease obligations are reported in the statements of net assets, but are not reported as liabilities in the fund financial statements, which have been prepared under the modified-accrual basis of accounting.	(52,565)	(77,560)
Net assets of governmental activities	<u>\$ 68,845,349</u>	<u>\$ 67,474,275</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	
	2011	2010
<b>Revenues</b>		
Ad Valorem taxes	\$ 25,803,943	\$ 24,993,888
Interest income	37,727	58,197
Gifts and contributions:		
Tulsa Library Trust	623,000	521,645
Other	2,117	2,706
Library services and fees	1,180,669	1,028,051
Government and other grants	469,622	111,668
State aid	268,281	296,097
<b>Total revenues</b>	<b>28,385,359</b>	<b>27,012,252</b>
<b>Expenditures</b>		
Library services:		
Personnel services	16,329,694	15,757,606
Books and other library materials and equipment	3,442,953	3,580,165
Maintenance and operations	4,485,648	4,123,088
Disbursement to Tulsa County for use in County Assessor reevaluation program	118,410	122,142
Capital outlay	2,210,627	4,182,516
<b>Total expenditures</b>	<b>26,587,332</b>	<b>27,765,517</b>
<b>Net change in fund balances</b>	<b>1,798,027</b>	<b>(753,265)</b>
<b>Fund balances - beginning of year</b>	<b>24,816,220</b>	<b>25,569,485</b>
<b>Fund balances - end of year</b>	<b>\$ 26,614,247</b>	<b>\$ 24,816,220</b>

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,

	2011	2010
Net change in fund balances - total governmental funds	\$ 1,798,027	\$ (753,265)
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 depreciation expense exceeded capital outlays in the current period.	(502,100)	1,726,401
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 ad valorem revenues under the modified-accrual method.	97,700	216,967
Governmental funds report payments on accrued compensated absences as expenditures. However, in the statements of activities, no such expenditures are reported as the government-wide financial statements report accrued compensated absences. This amount represents the change in accrued compensated absences during the period.	(47,466)	624
Governmental funds report payments on capital leases as expenditures. However, in the statements of activities, no such expenditures are reported as the government-wide financial statements report capital lease obligations. This is the amount by which the lease payments exceed interest expense on the capital lease obligation plus depreciation on the capital lease assets in the current period.	24,913	23,778
Change in net assets of governmental activities	\$ 1,371,074	\$ 1,214,505

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

**Notes to Financial Statements**

June 30, 2011 and 2010

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**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 ten members; six appointed by the Mayor of the City subject to the governing Board approval; 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. The Library has elected to apply all applicable GASB pronouncements, as well as Financial Accounting Standards Board (“FASB”) pronouncements and Accounting Principles Board (“APB”) Opinions issued on or before November 30, 1989, unless those pronouncements conflict with, or contradict, GASB pronouncements.

*Subsequent Events* – The Library has evaluated subsequent events through November 14, 2011, 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 assets 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, 2011 and 2010

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**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 assets 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 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.

## Notes to Financial Statements

June 30, 2011 and 2010

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### Note B – Basis of Presentation - Continued

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 are solely that of the Board of the Trust. Management and the Commission of the Library cannot control the Board of the Trust and, 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 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 23 to 36. Management believes this presentation discloses the resources being held for the benefit of the Library and clearly shows the net assets of the Trust are not under the control of the Commission.

### 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 assets 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.

**Notes to Financial Statements**

June 30, 2011 and 2010

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

*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.

*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, and, 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, 2011 and 2010.

*Net Assets* – The government-wide financial statements utilize a net assets 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 assets which are associated with non-liquid capital assets less outstanding capital assets related debt. Unrestricted net assets represent 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 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.

## Notes to Financial Statements

June 30, 2011 and 2010

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### 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 until a budget ordinance is passed by 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 of \$12,000,000 for the Central Library renovations. The Unassigned Fund Balance of \$14,614,247 includes \$484,000 designated for encumbrances and \$269,000 designated for buildings and technology.

### 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.

### 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, 2011 and 2010, 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.

Tulsa City-County Library

**Notes to Financial Statements**

June 30, 2011 and 2010

**Note F – Cash and Cash Equivalents - Continued**

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, 2011 and 2010 is \$1,590,085 and \$1,459,305, respectively. Amounts are considered fully collectible.

**Note H – Capital Assets**

The Library's capital assets activity for fiscal 2011 and 2010 is as follows:

	Balance July 1, 2010	Additions	Deductions	Balance June 30, 2011
Capital assets not being depreciated -				
Land and improvements	\$ 6,620,011	\$ 120,678	\$ (322,700)	\$ 6,417,989
Capital assets being depreciated:				
Buildings and improvements	39,972,476	1,823,601	-	41,796,077
Furniture, fixtures and equipment	12,495,653	734,617	(296,094)	12,934,176
Books	25,662,164	2,480,584	(2,693,618)	25,449,130
	<u>78,130,293</u>	<u>5,038,802</u>	<u>(2,989,712)</u>	<u>80,179,383</u>
Accumulated depreciation for:				
Buildings and improvements	(20,684,923)	(1,372,039)	-	(22,056,962)
Furniture, fixtures and equipment	(7,973,205)	(1,532,943)	206,408	(9,299,740)
Books	(13,940,691)	(2,344,295)	2,693,618	(13,591,368)
	<u>(42,598,819)</u>	<u>(5,249,277)</u>	<u>2,900,026</u>	<u>(44,948,070)</u>
Total capital assets being depreciated, net	<u>35,531,474</u>	<u>(210,475)</u>	<u>(89,686)</u>	<u>35,231,313</u>
Capital assets, net	<u>\$ 42,151,485</u>	<u>\$ (89,797)</u>	<u>\$ (412,386)</u>	<u>\$ 41,649,302</u>

Tulsa City-County Library

Notes to Financial Statements

June 30, 2011 and 2010

**Note H – Capital Assets - Continued**

The Library's capital assets activity for fiscal 2010 and 2009 is as follows:

	Balance July 1, 2009	Additions	Deductions	Balance June 30, 2010
Capital assets not being depreciated -				
Land and improvements	\$ 6,620,011	\$ -	\$ -	\$ 6,620,011
Capital assets being depreciated:				
Buildings and improvements	37,495,754	2,795,463	(318,741)	39,972,476
Furniture, fixtures and equipment	11,972,826	1,172,932	(650,105)	12,495,653
Books	25,036,484	2,487,651	(1,861,971)	25,662,164
	<u>74,505,064</u>	<u>6,456,046</u>	<u>(2,830,817)</u>	<u>78,130,293</u>
Accumulated depreciation for:				
Buildings and improvements	(19,662,034)	(1,245,596)	222,707	(20,684,923)
Furniture, fixtures and equipment	(7,266,092)	(1,408,270)	701,157	(7,973,205)
Books	(13,494,207)	(2,308,455)	1,861,971	(13,940,691)
	<u>(40,422,333)</u>	<u>(4,962,321)</u>	<u>2,785,835</u>	<u>(42,598,819)</u>
Total capital assets being depreciated, net	<u>34,082,731</u>	<u>1,493,725</u>	<u>(44,982)</u>	<u>35,531,474</u>
Capital assets, net	<u>\$ 40,702,742</u>	<u>\$ 1,493,725</u>	<u>\$ (44,982)</u>	<u>\$ 42,151,485</u>

**Note I – Capital Leases**

The Library leases copy machines under capital leases ranging from three to five years. Changes in the capital leases are as follows:

	Balance at 7/1/10	Additions	Deletions	Balance at 6/30/11	Due Within One Year
Capital leases	\$ 77,560	\$ -	\$ 24,996	\$ 52,564	\$ 18,661

	Balance at 7/1/2009	Additions	Deletions	Balance at 6/30/10	Due Within One Year
Capital leases	\$ 38,640	\$ 62,698	\$ 23,778	\$ 77,560	\$ 24,225

The minimum lease payments remaining under the capital lease agreements extending beyond one year at June 30, 2011 are as follows: \$18,661 in 2012; \$14,144 in 2013; \$14,219 in 2014, and \$5,540 in 2015. The total amount representing interest is \$5,185.

**Notes to Financial Statements**

June 30, 2011 and 2010

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**Note J – Commitments**

The Library leases some of its branch library buildings. The lease terms for the branch libraries are generally for one-year periods that expire in April and June. The lease agreements usually provide one-year renewal options for up to ten years. Total rent-related disbursements under these leases for 2011 were \$17,215.

In addition, the Library has a license agreement with a computer software vendor that is renewable annually. The maintenance fee for 2011 and 2010 was \$158,018 and \$155,474.

**Note K – Intergovernmental Operating Lease**

TCCL has operating leases with various local governments (i.e. Skiatook and Tulsa County) consisting of county owned building space leased to TCCL. The Skiatook lease was for five years beginning December 1, 2005 to September 30, 2010 at a rate of \$10 per year. The Skiatook lease automatically renewed September 30, 2010 for an additional five years. The Tulsa County lease (i.e. Kaiser Operating Agreement) is for 99 years starting June 1, 2006 through May 31, 2105 at a rate of \$1 per year.

**Note L – Pension Plan and Deferred Compensation Plan**

*Pension Plan Description* – The employees of the Library contribute to the City of Tulsa’s Municipal Employees’ Pension Plan (the “Plan”), which is a cost-sharing multiple-employer defined benefit pension plan. All full-time employees of the Library are eligible to participate in the Plan on the first day of the month which coincides with or next follows their first day of employment. The benefit provisions are established and may be amended by the City of Tulsa in accordance with the City Charter and State of Oklahoma statutes. The Plan provides retirement benefits and also includes death benefits for the surviving spouse. The Plan does not provide a monthly income for disabled participants; however, under certain conditions, employees who become disabled may be eligible to receive their full retirement at age 65 even though they were unable to work up to retirement age. The Plan is administered by a separate board of trustees and the assets are held in custody by an Oklahoma bank. The Plan issues a publicly available annual financial report that includes financial statements and required supplementary information for the Plan. That annual report may be obtained by writing to the Finance Department, City of Tulsa, 200 Civic Center, Tulsa, Oklahoma 74101.

*Pension Plan Funding Policy* – Employees of the Library, as established by the Pension Board of Trustees, are required to contribute 4 percent of their base pay to participate in the Plan. The contributions are deducted from the employees’ wages or salary and remitted by the Library to the Plan on a monthly basis. The Library is required to contribute the remaining amounts necessary to fund the Plan using the actuarial basis specified by City Ordinance. The Library’s employer contributions to the Plan for the years ended June 30, 2011 and 2010 were \$681,059 and \$653,859, respectively, and was equal to its required contributions for each year.

**Notes to Financial Statements**

June 30, 2011 and 2010

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**Note L – Pension Plan and Deferred Compensation Plan - Continued**

*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 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, 2011 and 2010, the Trust contributed \$623,000 and \$521,645, 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.

**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.

**Discretely Presented  
Component Unit**

Tulsa Library Trust (*Discretely Presented Component Unit of Tulsa City-County Library*)

**Statements of Net Assets**

June 30,

	<u>2011</u>	<u>2010</u>
<b>Assets</b>		
Current assets		
Cash	\$ 40,643	\$ 69,849
Investments		
Marketable investments, at fair value	1,891,137	733,213
Cash equivalents	322,144	542,490
Accrued interest receivable	24,936	16,649
Pledges receivable and other assets	1,064	15,000
	<u>2,279,924</u>	<u>1,377,201</u>
Non-current assets		
Restricted investments	11,245,943	10,125,116
Land and building leased to Tulsa City-County Library, net	-	430,496
	<u>11,245,943</u>	<u>10,555,612</u>
	<u>\$ 13,525,867</u>	<u>\$ 11,932,813</u>
<b>Liabilities</b>		
Current liabilities		
Accounts payable	\$ 5,922	\$ 15,589
Due to Tulsa City-County Library	24,615	91,979
Total current liabilities	<u>30,537</u>	<u>107,568</u>
<b>Net Assets</b>		
Invested in capital assets, net of related debt	-	430,496
Restricted - non-expendable	6,808,528	6,432,851
Restricted - expendable	4,410,556	3,662,639
Unrestricted	2,276,246	1,299,259
Total net assets	<u>13,495,330</u>	<u>11,825,245</u>
	<u>\$ 13,525,867</u>	<u>\$ 11,932,813</u>

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

Tulsa Library Trust (*Discretely Presented Component Unit of Tulsa City-County Library*)

**Statements of Revenues, Expenses and Changes in Net Assets**

Years Ended June 30,

	2011	2010
<b>Operating revenues</b>		
Special activities	\$ 227,823	\$ 284,598
Contributions	162,729	376,093
Interest income	58,702	54,539
Dividend income	172,674	208,834
Net increase in fair value of marketable investments	2,400,820	1,319,164
Net operating revenues	<u>3,022,748</u>	<u>2,243,228</u>
<b>Operating expenses</b>		
Library capital contributions	637,536	293,652
Grants and special programs	154,921	153,281
Library books and records	120,519	87,359
Library personnel	175,546	194,717
Special programs/summer reading program	87,414	76,272
Distinguished author series	92,677	92,166
First books/giveaway books	76,912	115,430
Depreciation expense	-	16,597
Scholarships	2,000	2,000
Other	95,698	111,345
Total operating expenses	<u>1,443,223</u>	<u>1,142,819</u>
<b>Operating income</b>	<u>1,579,525</u>	<u>1,100,409</u>
Contributions to endowment funds	<u>90,560</u>	<u>81,276</u>
<b>Increase in net assets</b>	1,670,085	1,181,685
<b>Net assets, beginning of year</b>	<u>11,825,245</u>	<u>10,643,560</u>
<b>Net assets, end of year</b>	<u>\$ 13,495,330</u>	<u>\$ 11,825,245</u>

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

Tulsa Library Trust (*Discretely Presented Component Unit of Tulsa City-County Library*)

**Statements of Cash Flows**

Years Ended June 30,

	2011	2010
<b>Operating activities</b>		
Cash received from:		
Contributions	\$ 176,665	\$ 504,863
Special activities	227,823	284,598
Interest income	50,415	61,979
Dividend income	172,674	208,834
Total receipts	<u>627,577</u>	<u>1,060,274</u>
Cash paid for:		
Library books and records	130,186	79,807
Library personnel	175,546	194,717
Special programs/summer reading program	242,335	229,553
Distinguished author series	92,677	92,166
Interest	-	-
Scholarships	2,000	2,000
Capital contributions	274,404	357,909
First books/giveaway books	76,912	115,430
Other	95,698	115,221
Total disbursements	<u>1,089,758</u>	<u>1,186,803</u>
Net cash used in operating activities	<u>(462,181)</u>	<u>(126,529)</u>
<b>Investing activities</b>		
Proceeds from the sale of marketable investments	7,164,133	6,608,180
Purchases of marketable investments	<u>(6,821,718)</u>	<u>(6,496,294)</u>
Net cash provided by investing activities	<u>342,415</u>	<u>111,886</u>
<b>Capital and related financing activities</b>		
Contributions to endowment	<u>90,560</u>	<u>81,276</u>
<b>Net increase (decrease) in cash</b>	(29,206)	66,633
<b>Unrestricted cash, beginning of year</b>	<u>69,849</u>	<u>3,216</u>
<b>Unrestricted cash, end of year</b>	<u>\$ 40,643</u>	<u>\$ 69,849</u>

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

Tulsa Library Trust (*Discretely Presented Component Unit of Tulsa City-County Library*)

**Statements of Cash Flows - Continued**

Years Ended June 30,

	2011	2010
Reconciliation of operating income to cash used in operating activities:		
Operating income	\$ 1,579,525	\$ 1,100,409
Adjustments to reconcile operating income to net cash used in operating activities:		
Depreciation and amortization	-	16,597
Net realized and unrealized (gain) on marketable investments	(2,400,820)	(1,319,164)
Donation of Brookside Library to Tulsa City-County Library	430,496	-
Changes in operating assets and liabilities:		
Amounts due from Tulsa City-County Library	-	4,441
Accrued interest receivable	(8,287)	7,440
Pledges receivable and other assets	13,936	124,894
Accounts payable	(9,667)	7,552
Amounts due to Tulsa City-County Library	(67,364)	(68,698)
Net cash used in operating activities	\$ (462,181)	\$ (126,529)

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

## Notes to Financial Statements

June 30, 2011 and 2010

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

*Reporting Entity and Mission* – 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 to benefit the Tulsa City-County Library (“TCCL” or the “Library”), and for the advancement of literature and library sciences. The mission of the Trust is to increase endowment and donor funding to improve and enhance the Library’s programs, collections, services, librarian training and to administer Trust expenditures and investments. The Library is the primary beneficiary of the income of the Trust. The Trust is governed by a board of eleven trustees (the “Trustees”). Although the Trust is considered a component unit of the Library under GASB Statement No. 39, the Library has no control over the use of resources held by the Trust or control over when the Trust will make expenditures for the benefit of the Library.

1. *Basis of Accounting* – The Trust prepares its financial statements on the accrual basis of accounting. The basic financial statements of the Trust have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”). The Governmental Accounting Standards Board (“GASB”) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Trust is organized as a special purpose unit of local government.
2. *Basis of Presentation* – In 2003, the Trust adopted GASB 34 and accordingly, the financial statements are prepared in accordance with the proprietary fund provisions of the statement. The Trust has elected to apply all applicable GASB pronouncements as well as Financial Accounting Standards Board (“FASB”) pronouncements and Accounting Principles Board (“APB”) Opinions issued on or before November 30, 1989, unless those pronouncements conflict with, or contradict, GASB pronouncements.

The net assets of the Trust are classified into the following components:

- *Invested in capital assets, net of related debt* – Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any notes or other borrowings attributable to those assets.
- *Restricted net assets* – Consists of net assets with constraints placed on the use either by external groups, such as contributors, or by laws and regulations. Restricted net assets classified as nonexpendable represent amounts that are required to be retained in perpetuity, such as permanent endowments. Restricted net assets classified as expendable represent amounts for which the donor has specified the purpose for which the contributed net assets are to be used.
- *Unrestricted net assets* – All other assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

## Notes to Financial Statements

June 30, 2011 and 2010

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

Within the Trust's restricted net assets, the following donor-related funds are maintained:

- Special Programming and Grant Fund – This fund consists of various special funds and grants donated for special programming or projects that generally last less than one year in length.
- Brookside Project Fund – This fund represents the donation of the building and land that houses the Brookside Library. This property was donated to the Trust in October 1997, and a loan obligation was entered into by the Trust for the renovation of the Brookside Library. The property is being depreciated based on a 30-year life. The building was transferred to the Library in 2011.
- National Endowment for the Humanities Challenge Grant Fund – The grant 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, using earnings from the grant and matching contributions. The grant of \$250,000 was matched by non-federal contributions on a three-to-one basis, for total matching contributions of \$750,000.
- 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 designed to provide a cash award to the recipient of the annual Anne V. Zarrow Award for Young Readers' Literature presented each year by the Trust and its beneficiaries.
- Ethel F. Crate Fund – This fund is designed to purchase classical music, art and literature for the Library.
- Aaronson Lecture Series Fund – This fund was established in 1998 by a transfer of funds from the Arts and Humanities Council. This fund is designed to support a lecture program for the City of Tulsa, which is now part of the Oklahoma Conference for Community Justice's Annual Trialogue Series.
- Peggy V. Helmerich Special Library Project Fund – This fund is designed to provide for special projects decided upon each year by the Library director and Peggy V. Helmerich or her heirs, using income from the contribution. The contribution to establish the fund has been designated by the donor to function as an endowment.
- Peggy V. Helmerich Distinguished Author Award Fund – This fund is designed to provide a cash award to the recipient of the annual Peggy V. Helmerich Distinguished Author Award presented each year by the Trust and its beneficiaries, using income from the contribution. The contribution to establish the fund has been designated by the donor to function as an endowment.

## Notes to Financial Statements

June 30, 2011 and 2010

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

- Peggy V. Helmerich Library Landscape Fund – This fund is designed to provide maintenance of the landscaping and beautification of the grounds and properties of the Peggy V. Helmerich Library and other libraries, using income from the contribution. The contribution to establish the fund has been designated by the donor to function as an endowment.
  - Peggy V. Helmerich Fund – This fund is designed to purchase family-related and religiously oriented material for the Library’s collections, using earnings from the contribution. The contribution to establish the fund has been designated by the donor to function as an endowment.
  - Warren M. Stroud Fund – This fund is designed to purchase books in the fields of the arts and music.
  - Lillian Norberg Endowment Fund – This endowment began with a \$5,000 contribution from the Friends of the Tulsa City-County Libraries in honor of Lillian Norberg. Each year, the Friends will submit project suggestions regarding the use of the expendable earnings.
  - Allie Beth Martin Scholarship Fund – This fund is designed to provide financial grant assistance to residents of Oklahoma who wish to take graduate level courses leading to a Masters Degree in Library Science.
  - American Indian Festival of Words – This fund is designed to provide an annual award, which honors the finest in American Indian writing or a circle of honor recognition to an American Indian role model. Annual programming is included.
  - Marcus R. Tower Service Award Fund – This fund is designed to provide for the annual Marcus R. Tower Service Award to a community volunteer working on behalf of libraries and literacy.
  - American Society for Non-Destructive Testing Fund (“ASNT”) – This fund is designed to purchase materials, which are decided annually by the ASNT Advisory Committee and TCCL staff. The contribution to establish the fund has been designated by the donor to function as an endowment.
3. *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 5.5 percent 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. This total return basis for calculating spending is sanctioned by the 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.

## Notes to Financial Statements

June 30, 2011 and 2010

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

3. *Spending Policy - Continued*

In 2006, percentage caps were put in place to further protect these invested assets. A 6.5 percent floor was established to curb spending in the event that a large drop in the market occurred. A 10 percent ceiling of spending was set as an upward cap to prevent against over-expenditure in years of positive market growth. Both percentages are to be based on the current year market value of the Trust.

4. *Cash Deposits* – The Trust’s cash balances are held by a financial institution. The Trust’s marketable and restricted investments are held by a bank trust department, as agent for the Trust, and are not directly held in the Trust’s name. Excess deposits are swept into a money market mutual fund that is not insured by the Federal Deposit Insurance Corporation (FDIC).

5. *Investments* –

- *Marketable and Restricted* - The Trust’s investments are stated at fair value based on quoted market prices at year-end. The Trust combines all funds held by each agent for investment purposes. Investment income is allocated to individual donor-related funds based on the average principal balance maintained for each such fund. The amounts the Trust will ultimately realize from these investments could differ materially and significant fluctuations in fair values could occur from year to year. Investments representing the Trust’s donor-restricted amounts, including endowments, are reported as restricted investments and classified as non-current assets.
- *Cash Equivalents* - This investment account represents the carrying value of units held by the Trust in liquid asset funds. These funds are managed such that cost equals fair value.

6. *Contributions and Pledges* – Contributions specified by the donor to be retained as an endowment are reported as contributions to endowment. Noncash contributions received are recorded at fair value. Pledges or promises to give are recognized as receivables and revenues (net of estimated uncollectible amounts) when all requirements are met, the promise is considered verifiable, and the resources pledged or promised are considered measurable and probable collectable.

7. *Special Activities* – Special activities primarily consist of contributions for various special programming and projects.

8. *Contributions to Endowment Funds* – During 2011, the Trust received contributions of approximately \$91,000 to be restricted for the endowment funding.

9. *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 basic financial statements.

**Notes to Financial Statements**

June 30, 2011 and 2010

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

- 10 *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 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.
11. *Reclassifications* – Certain 2010 amounts have been reclassified to conform with the 2011 financial statement presentation. Net assets and changes in net assets are unchanged due to these reclassifications.
12. *Subsequent Event* – The Trust has evaluated subsequent events through September 19, 2011, the date which the financial statements were available to be issued.

**Note B – Deposits and Investments - Marketable and Restricted**

Deposits – On June 30, 2011 and 2010, the cash balance was \$40,643 and \$69,849, respectively, and is maintained by the Bank of Oklahoma in a depository account in the Trust’s name.

Custodial credit risk for deposits is the risk that in the event of bank failure, the Trust’s deposits may not be returned or the Trust will not be able to recover collateral securities in the possession of an outside party. The Trust requires deposits to be secured by the Federal Deposit Insurance Corporation (FDIC).

Marketable and restricted investments consist of the following at June 30:

	2011		2010	
	Fair Value	Cost	Fair Value	Cost
Equity securities	\$ 8,672,999	\$ 6,534,439	\$6,662,223	\$ 7,434,112
Governmental agency and corporate obligations	4,464,081	4,295,951	3,035,445	3,037,436
	<u>\$13,137,080</u>	<u>\$10,830,390</u>	<u>\$9,697,668</u>	<u>\$10,471,548</u>

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. All investments are carried in street name (in the name of the agent, etc.) and are classified as Category 3 for credit risk. All investments are stated at fair value based on quoted prices in active markets.

The general investment policy shall be to diversify investments among both equity and fixed income securities so as to provide a balance that will enhance total return while avoiding undue risk concentration in any single asset class or investment category.

Tulsa Library Trust (*Discretely Presented Component Unit of Tulsa City-County Library*)

**Notes to Financial Statements**

June 30, 2011 and 2010

**Note B – Deposits and Investments - Marketable and Restricted - Continued**

The composition of the Trust investments is as follows:

	Fair Value	Cost	Average Credit Quality/ Rating (1)	Weighted Average Number of Years to Maturity (2)
Cavanall Hill Cash Management	\$ 322,144	\$ 322,144	N/A	N/A
U.S. Treasuries	961,728	905,411	AAA	12.37
U.S. Agencies	13,822	11,978	AAA	11.72
Corporate Bonds	566,449	532,190	AAA	22.48
Mutual Fund - Fixed	2,922,082	2,846,371	N/A	N/A
Domestic Stocks -Mutual Fund				
Large Cap	2,998,517	2,315,171	N/A	N/A
Mid-Cap	1,751,518	975,715	N/A	N/A
Small Cap	1,842,913	1,217,952	N/A	N/A
International	2,080,051	2,025,601	N/A	N/A
Total Investments	<u>\$13,459,224</u>	<u>\$11,152,533</u>		

(1) Ratings are provided where applicable to indicate Credit Risk. N/A indicates not applicable.

(2) Interest Rate Risk is estimated using weighted average days to maturity.

As of June 30, 2011, the Trust had the following investments and maturities:

	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	More than 10
U.S. Treasuries (1)	\$ 961,728	3.0%	36.0%	23.0%	38.0%
U.S. Agencies (2)	13,822	0.0%	0.0%	0.0%	100.0%
Corporate Bonds	<u>566,449</u>	0.0%	0.0%	2.0%	98.0%
Total	<u>\$ 1,541,999</u>	2.0%	23.0%	15.0%	60.0%

**Notes to Financial Statements**

June 30, 2011 and 2010

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**Note B – Deposits and Investments - Marketable and Restricted - Continued**

The Trust believes that the asset allocation decision significantly affects the long-term rate of return and volatility of the fund. The asset allocation of the investment funds should reflect a proper balance of the Trust objectives regarding return, risk, spending policy and liquidity. The target asset mix that will be consistent with the achievement of these long-term objectives will be a balanced investment approach.

Based on the Trust assessment of their objectives, the investment funds shall have an overall target asset allocation of 70 percent in equities and 30 percent fixed income, and be invested in the major asset classes as follows:

	Minimum	Target	Maximum	Representative Index
U.S. Equities	52%	55%	58%	Russell 3000
International Equities	12%	15%	18%	MSCI EAFE
Fixed Income*	27%	30%	33%	Lehman Aggregate Bond
Cash	0%	0%	5%	Salomon 91-day Treasury Bill

\*This target asset allocation may include both U.S. and international fixed income. During the process of Investment Manager selection, the specific investment guidelines and performance objectives, including target asset mix between U.S. and international fixed income, will be established.

It is the Trust's policy to rebalance to its target asset allocation on a uniform basis so as not to cause undue expense to be allocated to the portfolio. It is the Trust's policy to review rebalancing the portfolio at least annually or sooner if desired by the person(s) charged with the oversight of the portfolio's investments. The method of rebalancing will be based on the "tolerance" rebalancing formula, which generally states that the portfolio will be rebalanced if the target asset allocation goes beyond the stated tolerance for any particular asset class.

As an example, if the target allocation for U.S. Equities is 55 percent with a 3 percent tolerance, then no rebalancing would be required under this investment policy if the range for equity investments remained within a 52 percent to 58 percent range; otherwise, management is required to direct the investment manager(s) to rebalance the portfolio to within target limits. Further, at least annually (usually corresponding to the year-end report to the Trust), the Trust will review these rebalancing ranges to assure that they remain reasonable and workable within the context of the goals of the endowment.

**Investment Risk Disclosures**

**Credit Risk** is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Generally, the Trust's investing activities are approved by the Board of Trustees and managed under the custody of the Bank of Oklahoma. Investing is performed in accordance with investment policies adopted by the Board of Trustees and complies with the Investment Policies adopted.

## Notes to Financial Statements

June 30, 2011 and 2010

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### Note B – Deposits and Investments - Marketable and Restricted - Continued

**Concentration of Credit Risk** is the risk of loss attributed to the magnitude of the Trusts' investment in a single issuer. Excluding mutual funds, the Trust's corporate bonds were less than 5 percent of the total portfolio.

**Interest Rate Risk** is the risk that changes in interest rates which will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The Trust's investment policy provides that to the extent practicable, investments are matched with anticipated cash flows. Investments are diversified to minimize the risk of loss resulting from over-concentration of assets in a specific maturity period, a single issuer, or an individual class of securities.

**Foreign Currency Risk** is the risk that changes in exchange rates which will adversely affect the fair value of an investment. The Board of Trustees has stated in the Policy the guidelines for the international equity portfolio manager. The constraints on the international equity portfolio manager are to diversify internationally across the global equity markets. The international equity manager invests in only non-U.S. dollar denominated equity securities. The manager is required to invest in a prudent manner and to operate under the restrictions indicated in their prospectus. These include: regional constraints, diversification requirements and the type of securities held.

The Trust's international equity portfolio comprises approximately 15 percent of the total portfolio investments at fair value as of June 30, 2011. The manager of this pooled portfolio does not hedge the foreign currency risk and the Policy does not require it.

### Change in Valuation of the Trust's Investments

During the year ended June 30, 2011, the Trust's investments increased (including investments bought, sold and held during the year) in value and included realized gain of \$552,054 and unrealized gains of \$1,848,766. During the year ended June 30, 2010, the Trust's investments increased (including investments bought, sold and held during the year) in value and included realized gains of \$110,146 and unrealized gains of \$1,209,018.

The calculation of realized gains and losses is independent of the calculation of the changes in the fair value of investments. Realized gains for 2011 and 2010 include unrealized amounts from the prior periods.

Tulsa Library Trust (*Discretely Presented Component Unit of Tulsa City-County Library*)

**Notes to Financial Statements**

June 30, 2011 and 2010

**Note C – Land and Building**

A summary of the Trust’s capital assets activity for the years ended June 30, 2011 and 2010 is as follows:

	Balance July 1, 2010	Capital Acquisitions	Sales/Other Dispositions	Balance June 30, 2011
Capital assets not being depreciated:				
Land	\$ 120,678	\$ -	\$ (120,678)	\$ -
Capital assets being depreciated:				
Building	120,678	-	(497,922)	(497,922)
	(188,104)	-	188,104	-
Less: accumulated depreciation	(188,104)	-	188,104	-
	<u>\$ (67,426)</u>	<u>\$ -</u>	<u>\$ (430,496)</u>	<u>\$ (497,922)</u>
	Balance July 1, 2009	Capital Acquisitions	Sales/Other Dispositions	Balance June 30, 2010
Capital assets not being depreciated:				
Land	\$ 120,678	\$ -	\$ -	\$ 120,678
Capital assets being depreciated:				
Building	497,922	-	-	497,922
	618,600	-	-	618,600
Less: accumulated depreciation	(171,507)	-	(16,597)	(188,104)
	<u>\$ 447,093</u>	<u>\$ -</u>	<u>\$ (16,597)</u>	<u>\$ 430,496</u>

During fiscal year 1998, the Trust received a contribution of land and a building (the “facility”). The Trust recorded the contributed assets at their estimated fair value, and made subsequent improvement expenditures related to the building. As of the effective date of the contribution, a lease agreement was entered into between the Trust and the Library to allow for the Library to continue its use of the facilities for that branch location. Beginning in 2010, the building was no longer leased to the Library. The Trust completed transfer of the building during the year ending June 30, 2011.

**Notes to Financial Statements**

June 30, 2011 and 2010

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**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 Library and from the Betty Kaiser Library Literacy Fund to the Trust in accordance with the Foundation’s spending policy. At June 30, 2011, the fair value of the Library Books for Children Fund and the Betty Kaiser Library Literacy Fund was approximately \$414,000 and \$227,000, respectively. At June 30, 2010, the fair value of the Library Books for Children Fund and the Betty Kaiser Library Literacy Fund was approximately \$351,000 and \$196,000, 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 basic financial statements of the Trust. Distributions from the Library Books for Children Fund of \$10,000 was received by the Library during the fiscal years ended June 30, 2011 and 2010, respectively. There was \$10,164 and \$11,680 in distributions made to the Trust by the Betty Kaiser Library Literacy Fund during fiscal years 2011 and 2010, respectively.

**Note E – Due to Tulsa City-County Library**

The Trust reimburses the Tulsa City-County Library for various items that the Library may pay on behalf of the Trust. Amounts outstanding and owed to TCCL for fiscal years ended June 30, 2011 and 2010, were \$24,615 and \$91,979, respectively. The majority of the payable for the fiscal year ended June 30, 2010 was for costs associated with constructing a building addition for the Schusterman-Benson Library. TCCL initially pays the construction invoices as they are received, and the Trust reimburses TCCL for these costs, as the funding for the new buildings comes from private donations given to the Trust.

**Other Supplemental Information**

Tulsa City-County Library

**Supplemental Schedule of Capital Assets by Location (Cash Basis)**

As of June 30, 2011

	Land	Buildings and Improvements	Furniture Fixtures and Equipment	Total Property, Plant and Equipment	Number of Books and Certain Other Library Materials
Bixby	\$ 501,087	\$ 341,302	\$ 115,960	\$ 958,349	30,403
Bookmobile	-	-	152,052	152,052	36,453
Broken Arrow	1,341,925	1,589,538	164,648	3,096,111	56,293
Brookside	120,678	516,793	147,344	784,815	50,503
Central	386,873	6,826,301	7,725,054	14,938,228	1,325,353
Charles Page	-	1,085,108	126,062	1,211,170	30,322
Collinsville	84,990	1,035,202	129,508	1,249,700	27,920
Kendall-Whittier	100,000	666,957	119,552	886,509	32,900
Genealogy	-	-	98,447	98,447	11,814
Glenpool	97,157	552,391	104,187	753,735	27,322
New HK Kaiser (HKK)	-	2,285,763	293,063	2,578,826	55,859
Hardesty South Regional	2,225,230	7,576,921	818,239	10,620,390	143,400
Jenks	14,349	561,947	120,941	697,237	34,906
Judy Z. Kishner Library (KI)	99,832	1,154,512	125,064	1,379,408	21,740
Martin East Regional	52,680	3,012,819	563,675	3,629,174	109,661
Maxwell	-	491,059	128,307	619,366	29,522
Nathan Hale	50,291	645,527	104,298	800,116	33,679
Owasso	524,197	1,066,990	169,812	1,760,999	60,919
Peggy Helmerich	196,044	1,808,922	257,204	2,262,170	69,404
Pratt	-	573,990	135,485	709,475	39,242
Rusidill North Regional	-	2,336,918	383,131	2,720,049	74,646
Schusterman-Benson	279,445	1,266,281	174,669	1,720,395	54,724
Skiatook	63,876	430,965	117,067	611,908	26,392
South Broken Arrow	74,209	616,192	178,881	869,282	40,529
Sperry	5,426	-	-	5,426	-
Suburban Acres	-	552,099	89,442	641,541	20,216
Support Service Center	126,000	3,044,932	63,421	3,234,353	-
Zarrow Regional	73,699	2,043,304	237,689	2,354,692	59,837
<b>Totals</b>	<b>\$ 6,417,988</b>	<b>\$ 42,082,733</b>	<b>\$ 12,843,202</b>	<b>\$ 61,343,923</b>	<b>2,503,959</b>

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)**

As of June 30, 2010

	Land	Buildings and Improvements	Furniture Fixtures and Equipment	Total Property, Plant and Equipment	Number of Books and Certain Other Library Materials
Bixby	\$ 501,087	\$ 341,302	\$ 105,055	\$ 947,444	35,655
Bookmobile	-	-	173,171	173,171	34,892
Broken Arrow	1,664,625	915,790	159,762	2,740,177	70,575
Brookside	-	197,589	136,150	333,739	49,112
Central	386,873	6,510,381	7,615,969	14,513,223	1,316,012
Charles Page	-	1,072,670	116,350	1,189,020	32,271
Collinsville	84,990	848,857	124,661	1,058,508	32,958
Kendall-Whittier	100,000	666,957	114,191	881,148	32,766
Genealogy	-	-	89,761	89,761	11,404
Glenpool	97,157	522,594	90,322	710,073	31,714
New HK Kaiser (HKK)	-	2,287,223	258,278	2,545,501	56,499
Hardesty South Regional	2,225,230	7,584,779	771,306	10,581,315	141,227
Jenks	14,349	551,687	110,721	676,757	36,604
Judy Z. Kishner Library (KI) Library @ 51st	99,832	1,099,581	112,018	1,311,431	23,620
Martin East Regional	-	-	19,281	19,281	-
Maxwell	52,680	2,801,331	494,368	3,348,379	104,510
Nathan Hale	-	491,059	119,030	610,089	35,232
Owasso	50,291	628,859	92,926	772,076	39,062
Peggy Helmerich	524,197	1,058,009	152,689	1,734,895	59,472
Pratt	196,044	1,801,958	237,523	2,235,525	72,943
Rusidill North Regional	-	556,986	126,622	683,608	38,208
Schusterman-Benson	-	2,336,918	358,868	2,695,786	78,798
Skiatook	279,445	1,061,806	163,671	1,504,922	56,334
South Broken Arrow	63,876	430,965	109,901	604,742	25,863
Sperry	74,209	611,806	162,520	848,535	37,476
Suburban Acres	5,426	-	2,487	7,913	-
Support Service Center	-	552,099	81,615	633,714	20,663
Zarrow Regional	126,000	3,147,327	39,135	3,312,462	-
Totals	73,699	2,043,304	223,806	2,340,809	64,588
Totals	<u>\$ 6,620,010</u>	<u>\$ 40,121,837</u>	<u>\$ 12,362,157</u>	<u>\$ 59,104,004</u>	<u>2,538,458</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.

**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 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, 2011, which collectively comprise the Library's basic financial statements and have issued our report thereon dated November 14, 2011. 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.

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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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.

Tulsa, Oklahoma  
November 14, 2011

*Stanfield & O'Dell P.C.*