

**Tulsa City-County Library**

**Financial Statements**  
and  
Independent Auditor's Report

**June 30, 2014 and 2013**

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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 and the major fund of the Tulsa City-County Library (the "Library"), as of and for the years ended June 30, 2014 and 2013, the discretely presented component unit (presented on pages 24 to 39) as of June 30, 2014 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 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 24 to 39) 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.

#### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of the Library as of June 30, 2014 and 2013, and the discretely presented component unit as of June 30, 2014 and the respective changes in financial position and, where applicable, cash flows thereof for the years and year 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 7 and the Defined Benefit Pension Trust on pages 40 to 41 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) 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.

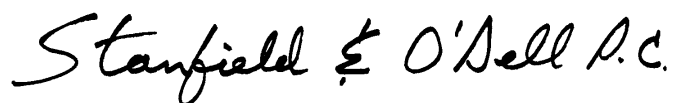
*Emphasis of Matter*

As described in Note I to the discretely presented component unit, the Tulsa Library Trust changed their basis of accounting in 2014; therefore, comparative statements for 2013 are not available.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2014 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  
December 16, 2014



**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, 2014 and 2013. 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, 2014, 2013 and 2012 include the following:

- The Library's assets exceeded its liabilities (net position) at June 30, 2014, 2013 and 2012, by approximately \$68.8, \$67.8 and \$67.1 million, respectively.
- The Library's net assets increased approximately \$1.0 and \$0.7, and decreased \$1.7 million during the years ended June 30, 2014, 2013 and 2012, respectively.
- Revenues from ad valorem taxes were \$26.8 million for June 30, 2014, \$26.5 million for June 30, 2013 and were \$25.9 million for 2012.
- Total expenses were approximately \$28.3, \$27.5 and \$29.5 million for the years ended June 30, 2014, 2013 and 2012, respectively.
- Fiscal 2014, 2013 and 2012 capital outlay expenditures were approximately \$6.0, \$3.2 and \$1.6 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 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 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 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 Position

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

	2014	2013	2012
Current assets	\$26,548,390	\$29,183,598	\$28,844,222
Capital assets	45,238,134	41,601,522	40,887,547
Total assets	71,786,524	70,785,120	69,731,769
Total liabilities (including long-term capital leases of \$4,678, \$19,759 and \$33,144, respectively)	(3,019,094)	(2,987,088)	(2,592,624)
Net assets			
Investment in capital assets, net of related debt	45,233,456	41,581,763	40,854,403
Unrestricted	23,533,974	26,216,269	26,284,742
	\$68,767,430	\$67,798,032	\$67,139,145

### Changes in Net Position

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

Revenues	2014	2013	2012
Program Revenues:			
Library services and fees	\$1,770,911	\$ 997,407	\$ 1,211,211
Governmental and other grants	93,340	99,781	117,978
Gifts and contributions:			
Trust	358,277	267,418	303,780
Other	5,325	2,277	1,295
General Revenues:			
Ad valorem taxes	26,783,465	26,464,108	25,907,964
Interest income	40,186	57,058	51,411
State aid	239,547	239,523	240,088
Total revenues	29,291,051	28,127,572	27,833,727
Expenses			
Library services:			
Personnel services	16,583,100	17,206,245	17,995,770
Books and other library materials and equipment	1,261,882	1,085,178	1,489,986
Maintenance and operations	5,301,921	4,362,911	4,896,983
Depreciation	4,815,023	4,693,163	5,032,364
Loss on sale of fixed assets	201,285	-	-
Disbursements to Tulsa County for use in revaluation program	121,125	119,176	122,079
Capital outlay	36,550	-	-
Other	767	2,012	2,749
Total expense	28,321,653	27,468,685	29,539,931
Change in net assets	\$ 969,398	\$ 658,887	\$(1,706,204)



## **Analysis of Overall Financial Position and Results of Operations**

### **The Library's Funds**

The Library's total fund balance decreased by approximately \$2.9 million during fiscal 2014 to approximately \$24.3 million at June 30, 2014, from approximately \$27.2 million at June 30, 2013. The Library's total fund balance increased by approximately \$0.4 million during fiscal 2013 to approximately \$27.2 million at June 30, 2013, from approximately \$26.8 million at June 30, 2012. The \$9.2 million in assigned funds is reserved for the Central Library renovations and a small IT reserve. The unassigned fund balance as of June 30, 2014, has been internally designated for encumbrances (approximately \$124,000) and for buildings and technology (approximately \$1,400,000). Total fund revenues for fiscal 2014 were approximately \$28.8 million, which included ad valorem tax revenues of approximately \$26.8 million.

### **Capital Asset and Debt Administration**

#### **Assets**

At June 30, 2014, 2013 and 2012, the Library had approximately \$45.2, \$41.6 and \$40.9 million, respectively, invested in capital assets. Capital assets, net of accumulated depreciation, increased by \$3.6 and \$0.7 million during the fiscal years ended 2014 and 2013, respectively, and decreased \$0.8 million during the fiscal year ended 2012.

#### **Debt**

At June 30, 2014, 2013 and 2012, the Library had approximately \$5,000, \$20,000 and \$33,000 respectively, outstanding on capital leases for copy machines. There was also approximately \$904,000 outstanding for the net pension obligation liability at June 30, 2014.

### **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.

### **Central Library Renovation**

Starting in the spring of 2013, the Library is embarking on a full renovation of the existing downtown Central Library building. The current Library was opened in 1965 and the majority of the mechanical, electrical and plumbing systems are original to the building. While the systems are in good repair, it has been determined that it is necessary to upgrade the equipment to comply with current building standards. Along with the systems upgrade, the entire building will be updated to function as a 21<sup>st</sup> Century library. The entire project is estimated to cost \$47.8 million and will be completed in the spring of 2016.

### **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.

Chief Financial Officer

Tulsa City-County Library

**Statements of Net Position**

June 30,

	Governmental Activities	
	2014	2013
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 25,019,765	\$ 27,643,057
Ad Valorem taxes receivable	1,343,011	1,389,993
Receivable - Tulsa Library Trust	104,197	14,243
Miscellaneous receivables	81,417	103,805
Prepaid expense	-	32,500
Total current assets	<u>26,548,390</u>	<u>29,183,598</u>
Capital assets		
Land, non-depreciable capital assets	12,746,645	9,119,421
Capital assets, net	<u>32,491,489</u>	<u>32,482,101</u>
Total capital assets	<u>45,238,134</u>	<u>41,601,522</u>
Total assets	<u>\$ 71,786,524</u>	<u>\$ 70,785,120</u>
<b>Liabilities</b>		
Current liabilities		
Accounts payable	\$ 1,110,230	\$ 803,108
Salaries and benefits payable	1,000,018	1,060,230
Payable - Tulsa Library Trust	252	-
Capital lease obligations payable within one year	4,678	14,219
Total current liabilities	<u>2,115,178</u>	<u>1,877,557</u>
Capital lease obligations payable after one year	-	5,540
NPO liability	<u>903,916</u>	<u>1,103,991</u>
Total liabilities	<u>3,019,094</u>	<u>2,987,088</u>
<b>Net Position</b>		
Invested in capital assets, net of related debt	45,233,456	41,581,763
Unrestricted	<u>23,533,974</u>	<u>26,216,269</u>
Total net position	<u>68,767,430</u>	<u>67,798,032</u>
Total liabilities and net position	<u>\$ 71,786,524</u>	<u>\$ 70,785,120</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	
	2014	2013
Expenses		
Library services:		
Personnel services	\$ 16,583,100	\$ 17,206,245
Books and other library materials and equipment	1,261,882	1,085,178
Maintenance and operations	5,301,921	4,362,911
Depreciation	4,815,023	4,693,163
Loss on sale of fixed assets	201,285	-
Disbursement to Tulsa County for use in County Assessor reevaluation program	121,125	119,176
Capital outlay	36,550	-
Other	767	2,012
Total program expenses	28,321,653	27,468,685
Program revenues		
Library services and fees	1,770,911	997,407
Government and other grants	93,340	99,781
Specific operating/capital contributions:		
Tulsa Library Trust	358,277	267,418
Other	5,325	2,277
Total program revenues	2,227,853	1,366,883
Net program expense	26,093,800	26,101,802
General revenues		
Ad valorem taxes	26,783,465	26,464,108
Interest income	40,186	57,058
State aid	239,547	239,523
Total general revenues	27,063,198	26,760,689
Increase in net position	969,398	658,887
Net position, beginning of year	67,798,032	67,139,145
Net position, end of year	\$ 68,767,430	\$ 67,798,032

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

Tulsa City-County Library

**Balance Sheets - Governmental Funds**

June 30,

	General Fund	
	2014	2013
<b>Assets</b>		
Cash and cash equivalents	\$ 25,019,765	\$ 27,643,057
Receivables, primarily ad valorem taxes	1,343,011	1,389,993
Receivable - Tulsa Library Trust	104,197	14,243
Miscellaneous receivable	81,417	103,805
Prepaid expense	-	32,500
Total assets	<u>\$ 26,548,390</u>	<u>\$ 29,183,598</u>
<b>Liabilities and Fund Balances</b>		
Liabilities		
Accounts payable	\$ 1,110,230	\$ 803,108
Payable - Tulsa Library Trust	252	-
Salaries and benefits payable	47,256	40,742
Deferred ad valorem tax revenue	1,096,104	1,143,139
Total liabilities	<u>2,253,842</u>	<u>1,986,989</u>
Fund balances		
Assigned	9,210,400	12,304,847
Unassigned	15,084,148	14,891,762
Total fund balances	<u>24,294,548</u>	<u>27,196,609</u>
Total liabilities and fund balances	<u>\$ 26,548,390</u>	<u>\$ 29,183,598</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,

	2014	2013
Fund balances - total governmental funds	\$ 24,294,548	\$ 27,196,609
<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>	45,238,134	41,601,522
<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 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.</p>	1,096,104	1,143,139
<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	(952,762)	(1,019,488)
Capital lease obligations	(4,678)	(19,759)
Net pension obligations	(903,916)	(1,103,991)
Net position of governmental activities	\$ 68,767,430	\$ 67,798,032

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	
	2014	2013
<b>Revenues</b>		
Ad Valorem taxes	\$ 26,830,500	\$ 26,436,312
Interest income	40,186	56,651
Gifts and contributions:		
Tulsa Library Trust	358,277	267,418
Other	5,327	2,275
Library services and fees	1,254,577	1,275,907
Government and other grants	93,340	99,781
State aid	239,547	239,523
Total revenues	<u>28,821,754</u>	<u>28,377,867</u>
<b>Expenditures</b>		
Library services:		
Personnel services	16,849,901	17,024,133
Books and other library materials and equipment	3,386,320	3,357,611
Maintenance and operations	5,317,772	4,333,900
Disbursement to Tulsa County for use in County Assessor reevaluation program	121,125	119,176
Capital outlay	6,048,697	3,178,704
Total expenditures	<u>31,723,815</u>	<u>28,013,524</u>
<b>Net change in fund balances</b>	(2,902,061)	364,343
<b>Fund balances - beginning of year</b>	<u>27,196,609</u>	<u>26,832,266</u>
<b>Fund balances - end of year</b>	<u>\$ 24,294,548</u>	<u>\$ 27,196,609</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,

	2014	2013
Net change in fund balances - total governmental funds	\$ (2,902,061)	\$ 364,343
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.	3,636,612	713,975
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.	(47,035)	27,796
Funds received from held in escrow are not reported in the combined fund financial statements under the modified - accrual approach whereas revenue from held in escrow is reported under the full accrual approach in the statements of activities. This is the net amount which was received from fund held in escrow under the full - accrual approach.	-	(278,500)
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	66,726	(42,629)
Capital lease obligations	15,081	13,385
Net pension obligations	200,075	(139,483)
Change in net position of governmental activities	<u>\$ 969,398</u>	<u>\$ 658,887</u>

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



**Notes to Financial Statements**

June 30, 2014 and 2013

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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 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.

*Reclassifications* – Certain fiscal 2013 amounts have been reclassified to conform with the fiscal 2014 financial statement presentation. Net assets and changes in net assets are unchanged due to these reclassifications.

*Subsequent Events* – The Library has evaluated subsequent events through December 16, 2014, 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, 2014 and 2013

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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 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 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 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 24 to 39. 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, 2014 and 2013

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**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, 2014 and 2013

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### 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, 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, 2014 and 2013.

*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 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.

### 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.

**Notes to Financial Statements**

June 30, 2014 and 2013

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**Note D – Fund Equity - Continued**

*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 \$7,558,444 for the Central Library renovations and a small assigned fund balance for IT replacements. The Unassigned Fund Balance of \$15,084,148 includes approximately \$124,300 designated for encumbrances and \$1,400,000 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, 2014 and 2013 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.

**Notes to Financial Statements**

June 30, 2014 and 2013

**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, 2014 and 2013 is \$1,343,011 and \$1,389,993, respectively. Amounts are considered fully collectible.

**Note H – Capital Assets**

The Library's capital assets activity for fiscal 2014 and 2013 is as follows:

	Balance July 1, 2013	Additions	Deductions	Balance June 30, 2014
Capital assets not being depreciated:				
Land and improvements	\$ 6,467,989	\$ 2,343,134	\$ (467,337)	\$ 8,343,786
Construction in progress	2,651,432	1,751,427	-	4,402,859
	<u>9,119,421</u>	<u>4,094,561</u>	<u>(467,337)</u>	<u>12,746,645</u>
Capital assets being depreciated:				
Buildings and improvements	43,034,181	1,073,129	(53,536)	44,053,774
Furniture, fixtures and equipment	13,448,444	1,159,507	(166,131)	14,441,820
Books	24,486,070	2,124,438	(2,188,479)	24,422,029
	<u>80,968,695</u>	<u>4,357,074</u>	<u>(2,408,146)</u>	<u>82,917,623</u>
Accumulated depreciation for:				
Buildings and improvements	(24,889,685)	(1,261,420)	15,418	(26,135,687)
Furniture, fixtures and equipment	(11,083,366)	(686,460)	198,948	(11,570,878)
Books	(12,513,543)	(2,394,505)	2,188,479	(12,719,569)
	<u>(48,486,594)</u>	<u>(4,342,385)</u>	<u>2,402,845</u>	<u>(50,426,134)</u>
Total capital assets being depreciated, net	<u>32,482,101</u>	<u>14,689</u>	<u>(5,301)</u>	<u>32,491,489</u>
Capital assets, net	<u>\$ 41,601,522</u>	<u>\$ 4,109,250</u>	<u>\$ (472,638)</u>	<u>\$ 45,238,134</u>

**Notes to Financial Statements**

June 30, 2014 and 2013

**Note H – Capital Assets - Continued**

The Library's capital assets activity for fiscal 2013 and 2012 is as follows:

	Balance July 1, 2012			Balance June 30, 2013	
		Additions	Deductions		
Capital assets not being depreciated:					
Land and improvements	\$ 6,417,989	\$ 50,000	\$ -	\$ 6,467,989	
Construction in progress	97,462	2,553,970	-	2,651,432	
	<u>6,515,451</u>	<u>2,603,970</u>	<u>-</u>	<u>9,119,421</u>	
Capital assets being depreciated:					
Buildings and improvements	42,671,749	362,432	-	43,034,181	
Furniture, fixtures and equipment	13,546,549	168,302	(266,407)	13,448,444	
Books	25,275,156	2,272,434	(3,061,520)	24,486,070	
	<u>81,493,454</u>	<u>2,803,168</u>	<u>(3,327,927)</u>	<u>80,968,695</u>	
Accumulated depreciation for:					
Buildings and improvements	(23,469,400)	(1,420,285)	-	(24,889,685)	
Furniture, fixtures and equipment	(10,501,918)	(819,832)	238,384	(11,083,366)	
Books	(13,150,040)	(2,425,023)	3,061,520	(12,513,543)	
	<u>(47,121,358)</u>	<u>(4,665,140)</u>	<u>3,299,904</u>	<u>(48,486,594)</u>	
Total capital assets being depreciated, net	<u>34,372,096</u>	<u>(1,861,972)</u>	<u>(28,023)</u>	<u>32,482,101</u>	
Capital assets, net	<u>\$ 40,887,547</u>	<u>\$ 741,998</u>	<u>\$ (28,023)</u>	<u>\$ 41,601,522</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 7/1/2013	Additions	Deletions	Balance at 6/30/2014	Due Within One Year
Capital leases	\$ 19,759	\$ -	\$ 15,081	\$ 4,678	\$ 4,678

	Balance at 7/1/2012	Additions	Deletions	Balance at 6/30/2013	Due Within One Year
Capital leases	\$ 33,144	\$ -	\$ 13,385	\$ 19,759	\$ 14,219

**Notes to Financial Statements**

June 30, 2014 and 2013

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**Note I – Capital Leases - Continued**

The minimum lease payments remaining under the capital lease agreements extending beyond one year at June 30, 2014 are as follows: \$4,678 in 2015. The total amount representing interest is \$62.

**Note J – Commitments**

The Library leases some of its branch library buildings as well as the administration facility until the completion of the remodel of the Central Library Building. The lease terms for the branch libraries are generally for one or two-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 2014 were \$684,669.

In addition, the Library has a license agreement with a computer software vendor that is renewable annually. The maintenance fee for 2014 and 2013 was \$161,249 and \$161,928.

In 2011, the Commission approved a plan to remodel the Central Library Building, with an estimated cost of \$47.8 million. The project began in the spring of 2013 and is expected to be completed by the spring of 2016. The project is being funded through a combination of funds. \$15 million was set aside from the Library fund balance, a fund which the Library had set up a number of years ago to save for capital needs. The Tulsa Library Trust (TLT), a discretely presented component unit, conducted a capital campaign to secure funding for an additional portion of the project. That project has raised \$27.7 million. Tulsa voters passed the “Improve My Tulsa” initiative and the Library will receive \$10 million from the City of Tulsa. The first \$5 million is expected in FY 2014-15 and the remaining \$5 million is expected in FY 2015-16. In connection with the project, in July 2014, the Library entered into a lease purchase agreement and ground lease agreement with the TLT for the Central Library Building. The agreements terminate at the conclusion of the remodeling of the building. The remaining minimum construction commitment is approximately \$38.4 million, which will be incurred over the remaining term of the agreements.

**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



**Notes to Financial Statements**

June 30, 2014 and 2013

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

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. The 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 6 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, 2014 and 2013 were \$1,243,069 and \$1,241,604, respectively, and was greater than its required contributions for 2014 and less than its required contributions for 2013.

*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, 2014 and 2013, the Trust contributed \$358,277 and \$267,418, 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.

**Notes to Financial Statements**

June 30, 2014 and 2013

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**Note O – Recent Accounting Pronouncements**

In June, 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 68, *Accounting and Financial Reporting for Pensions*, which improves accounting and financial reporting of public employee pensions by state and local governments. Statement No. 68 requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. The provisions in Statement No. 68 are effective for fiscal years beginning after June 15, 2014. However, early application is encouraged. The Library is currently evaluating the effects that Statement No. 68 will have on their financial statements.

**Discretely Presented  
Component Unit**

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

**Statement of Financial Position**

June 30, 2014

<b>Assets</b>		
Current assets		
Cash		\$ 651,126
Accrued interest receivable		15,959
Pledges receivable		<u>8,855,910</u>
Total current assets		<u>9,522,995</u>
Non-current assets		
Investments		27,392,172
Pledges receivable, less current portion		<u>7,477,535</u>
Total non-current assets		<u>34,869,707</u>
<b>Total assets</b>		<u><u>\$ 44,392,702</u></u>
<b>Liabilities</b>		
Current liabilities		
Accounts payable		\$ 29,065
Due to Tulsa City-County Library		<u>103,945</u>
Total current liabilities		<u>133,010</u>
<b>Net Assets</b>		
Unrestricted		3,677,356
Temporarily restricted		33,337,818
Permanently restricted		<u>7,244,518</u>
Total net assets		<u>44,259,692</u>
<b>Total liabilities and net assets</b>		<u><u>\$ 44,392,702</u></u>

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

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

**Statement of Activities**

Year Ended June 30, 2014

**Change in unrestricted net assets**

Revenues:

Contributions	\$ 58,854
Special activities and other	44,164
Investment income	1,142,504
Net assets released from restriction	1,017,917
Total operating revenues and support	<u>2,263,439</u>

Expenses:

Program	1,107,341
Management and general	82,640
Fundraising	227,830
Total operating expenses	<u>1,417,811</u>

Increase in unrestricted net assets	<u>845,628</u>
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**Change in temporarily restricted net assets**

Capital campaign contributions	24,649,891
Contributions	168,466
Special activities and other	23,802
Grants	218,946
Investment income	1,266,496
Net assets released from restriction	<u>(1,017,917)</u>

Increase in temporarily restricted net assets	<u>25,309,684</u>
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**Change in permanently restricted net assets**

Contributions	6,208
Investment income	<u>111,648</u>

Increase in permanently restricted net assets	<u>117,856</u>
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**Increase in net assets**

26,273,168

**Net assets, beginning of year**

17,986,524

**Net assets, end of year**

\$ 44,259,692

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

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

**Statement of Cash Flows**

Year Ended June 30, 2014

**Cash flows from operating activities**

Cash received from:

Contributions and special activities	\$ 480,067
Investment income	338,446
Total receipts	<u>818,513</u>

Cash paid for:

Library books and records	140,731
Library personnel	404,560
Special programs/summer reading program	329,327
Distinguished author series	94,553
Scholarships	2,000
Capital contributions	12,947
Children's and literacy book distributions	69,563
Other	272,214
Total disbursements	<u>1,325,895</u>

Net cash used in operating activities (507,382)

**Cash flows from investing activities**

Proceeds from the sale of marketable investments	9,574,861
Purchases of marketable investments	<u>(19,293,465)</u>
Net cash used in investing activities	<u>(9,718,604)</u>

**Cash flows from financing activities**

Contributions to endowment	6,208
Capital campaign contributions	<u>10,785,641</u>
Net cash provided by financing activities	<u>10,791,849</u>

**Net increase in cash** 565,863

**Cash at beginning of year** 85,263

**Cash at end of year** \$ 651,126

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

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

**Statement of Cash Flows - Continued**

Year Ended June 30, 2014

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Reconciliation of increase in net assets to cash used in  
operating activities:

Increase in net assets	\$ 26,273,168
Adjustments to reconcile to increase in net assets to cash provided by (used in) operating activities:	
Net realized and unrealized gain on marketable investments	(2,234,204)
Capital campaign contributions	(24,649,891)
Endowment contributions	(6,208)
Changes in operating assets and liabilities:	
Accrued interest receivable	7,837
Pledges receivable	10,000
Accounts payable	2,214
Amounts due to Tulsa City-County Library	<u>89,702</u>
Net cash used in operating activities	<u><u>\$ (507,382)</u></u>

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

## Notes to Financial Statements

June 30, 2014

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

The Friends of the Tulsa City-County Library, Inc. created the 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 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 Library is the primary beneficiary of the income of the Trust. The Trust is governed by a board of eleven trustees (the "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* (see Note I) . Resources and net assets are classified in the financial statements based on the existence or absence of donor-imposed restrictions as follows:

**Unrestricted net assets** – Net assets that are not subject to donor-imposed restrictions.

**Temporarily restricted net assets** – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Trust and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

**Permanently restricted net assets** – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Trust.

Within the Trust's restricted net asset amounts, 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.
- 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.



## Notes to Financial Statements

June 30, 2014

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

- 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.
- 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.

**Notes to Financial Statements**

June 30, 2014

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

- 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.
- Capital Campaign – This fund is designed to provide funds to aid in the renovation of the Central Library.

Other significant policies include:

1. *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. Excess deposits are swept into a money market mutual fund that is not insured by the Federal Deposit Insurance Corporation (FDIC).
2. *Contributions* – Contributions, including unconditional promises to give, are recognized as revenues in the period received or promised. Contributions are recorded at the fair value at the time the promise is made. Conditional promises to give are not recorded until conditions are substantially met.
3. *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 contribution revenue.

The Trust evaluated its outstanding pledges at June 30, 2014 and determined an allowance for uncollectible pledges was not considered necessary.

4. *Contributions to Endowment Funds* – The Trust received contributions of approximately \$6,000 to be restricted to the endowment for the year ended June 30, 2014.
5. *Investments* – Investments in marketable securities with readily determinable fair values and all investments in debt and equity securities are reported at their fair values in the statement of financial position. The Trust reports all 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.

**Notes to Financial Statements**

June 30, 2014

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

6. *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.
7. *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.
8. Investment income consists of interest, dividend and realized and unrealized gains.
9. *Subsequent Events* – The Trust has evaluated subsequent events through December 15, 2014, the date which the financial statements were available to be issued.

**Note B – Investments**

Investments consist of the following at June 30, 2014:

	<u>Fair Value</u>	<u>Cost</u>
Equity securities	\$ 11,553,420	\$ 7,465,576
Managed cash fund	11,396,354	11,396,354
Governmental agency, corporate obligations and fixed income funds	<u>4,442,398</u>	<u>4,390,856</u>
	<u>\$ 27,392,172</u>	<u>\$ 23,252,786</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.

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. Funds received from the capital campaign are maintained in a managed cash fund which seeks current income with liquidity and stability of principal.

**Notes to Financial Statements**

June 30, 2014

**Note B – Investments - Continued**

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

	Fair Value	Cost
Cavanall Hill Cash Management	\$ 11,396,354	\$ 11,396,354
U.S. Treasuries	291,986	259,704
U.S. Agencies	160,334	156,066
Corporate Bonds	628,017	588,701
Mutual Fund - Fixed	3,362,062	3,386,414
Domestic Stocks - Mutual Fund		
Large Cap	4,258,193	2,876,714
Mid-Cap	2,384,491	931,711
Small Cap	2,357,058	1,353,428
International	2,553,677	2,303,724
Total Investments	<u>\$ 27,392,172</u>	<u>\$ 23,252,816</u>

Investments listed above with specific maturities are as follows:

	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	More than 10
U.S. Treasuries	\$ 291,986	0.0%	44.0%	56.0%	0.0%
U.S. Agencies	160,334	0.0%	0.0%	2.0%	98.0%
Corporate Bonds	<u>628,017</u>	0.0%	0.0%	0.0%	100.0%
Total	<u>\$ 1,080,337</u>	0.0%	12.0%	15.0%	73.0%

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.

**Notes to Financial Statements**

June 30, 2014

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**Note B – Investments - Continued**

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.

**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.

## Notes to Financial Statements

June 30, 2014

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### Note B – Investments - Continued

**Interest Rate Risk** is the risk that changes in interest rates 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 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 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 9 percent of the total portfolio investments at fair value as of June 30, 2014. 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, 2014, the Trust's investments increased (including investments bought, sold and held during the year) in value and included realized gain of \$879,384 and unrealized gain of \$1,354,819.

The calculation of realized gains and losses is independent of the calculation of the changes in the fair value of investments. Realized gains for 2014 include unrealized amounts from the prior periods.

*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)

**Notes to Financial Statements**

June 30, 2014

**Note B – Investments - Continued**

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, 2014:

	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Common stocks	\$ 761,747	\$ 7,407	\$ -
Miscellaneous equities	2,316,223	-	-
Equity funds and pooled investments	8,468,042	-	-
Treasury bonds	291,986	-	-
Agency bonds	91,750	68,584	-
Corporate bonds	-	628,017	-
Fixed income funds and pooled investments	3,362,062	-	-
Managed cash fund	11,396,354	-	-
	<u>\$ 26,688,164</u>	<u>\$ 704,008</u>	<u>\$ -</u>

**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. 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 contribution revenue.

Pledges receivable at June 30, 2014 are as follows:

Capital Campaign pledges	\$ 17,013,881
Other pledges	20,000
	<u>17,033,881</u>
Less: discount to present value	<u>(700,436)</u>
Net pledges receivable	<u>\$ 16,333,445</u>

Pledges receivables are due as follows: \$8,855,910 in 2015, \$3,166,837 in 2016, \$2,717,434 in 2017, \$2,123,600 in 2018 and \$170,100 in 2019.

**Notes to Financial Statements**

June 30, 2014

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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, 2014, the fair value of the Library Books for Children Fund and the Betty Kaiser Library Literacy Fund was approximately \$497,000 and \$255,000, 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 were received by the Library during the fiscal year ended June 30, 2014. There was \$10,884 in distributions made to the Trust by the Betty Kaiser Library Literacy Fund during the fiscal year ended June 30, 2014.

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

The Trust reimburses the Tulsa City-County Library (TCCL) for various items that the Library may pay on behalf of the Trust. Amounts outstanding and owed to TCCL for the fiscal year ended June 30, 2014 was \$103,945. The outstanding balance primarily pertains to books and other materials acquired by TCCL on behalf of the Trust.

**Note F – Endowment**

The Trust classifies as permanently restricted net assets (a) the original value of gifts donated and (b) the original value of subsequent gifts. As required by accounting principles generally accepted in the United States, 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 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.



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

Notes to Financial Statements

June 30, 2014

Note F – Endowment - 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.

2014 endowment net asset composition by type of fund as of June 30, 2014 and changes in endowment net assets for the year ended June 30, 2014 are as follows:

	Board Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year,	\$ 2,258,564	\$ 3,296,726	\$ 7,126,662	\$ 12,681,952
Investment income*:				
Interest, dividends and net realized gains	523,361	578,734	51,358	1,153,453
Net unrealized appreciation	616,952	683,908	60,290	1,361,150
Total investment return	1,140,313	1,262,642	111,648	2,514,603
Contributions	-	-	6,208	6,208
Appropriation of endowment assets for expenditure	(388,204)	(290,409)	-	(678,613)
Endowment net assets, end of year	<u>\$ 3,010,673</u>	<u>\$ 4,268,959</u>	<u>\$ 7,244,518</u>	<u>\$ 14,524,150</u>

\*Investment income is classified based on donor intent regarding the use of the earnings.

**Notes to Financial Statements**

June 30, 2014

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**Note G – Temporarily Restricted Net Assets**

Temporarily restricted net assets consist of the following at June 30, 2014:

National Endowment for the Humanities Challenge Grant Fund	\$ 2,409,898
Ethel F. Crate Fund	238,342
Peggy V. Helmerich Fund	80,617
Allie Beth Martin Scholarship Fund	68,764
Marcus R. Tower Service Award Fund	38,904
Warren M. Stroud Fund	44,798
Peggy V. Helmerich Distinguished Author Award	453,445
Peggy V. Helmerich Library Landscape Fund	395,955
Peggy V. Helmerich Special Library Project Fund	11,338
Ruth G. Hardman Literacy Fund	747,474
Zarrow Award for Young Readers' Literature Fund	297,301
American Society for Non-Destructive Testing Fund	6,668
Aaron Lecture Series Fund	25,627
Lillian Norberg Endowment Fund	37,203
Rosetta Mulmed Fund	16,482
American Indian Festival of Words	5,050
Special Programming and Grant Fund	718,984
Capital Campaign	<u>27,740,968</u>
Total temporarily restricted net assets	<u><u>\$ 33,337,818</u></u>

Temporarily restricted net assets were released from restriction through expenditures for the purposes for which received.

The funds raised in the capital campaign are for a specific portion of the remodeling of the Library's Central Library Building. In connection with that project, in July 2014, the Library entered into a lease purchase agreement and ground lease agreement with the TLT for the Central Library Building. The agreements terminate at the conclusion of the Trusts portion of the remodeling of the building.

**Notes to Financial Statements**

June 30, 2014

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**Note H – Permanently Restricted Net Assets**

Permanently restricted net assets consist of the following at June 30, 2014:

Library Support Fund	\$ 3,439,884
National Endowment for the Humanities Challenge Grant Fund	1,068,838
Ethel F. Crate Fund	135,030
Peggy V. Helmerich Fund	50,938
Allie Beth Martin Scholarship Fund	11,620
Marcus R. Tower Service Award Fund	51,225
Warren M. Stroud Fund	47,872
Peggy V. Helmerich Distinguished Author Award	350,000
Peggy V. Helmerich Library Landscape Fund	210,000
Peggy V. Helmerich Special Library Project Fund	763,760
Ruth G. Hardman Literacy Fund	803,853
Zarrow Award for Young Readers' Literature Fund	235,390
American Society for Non-Destructive Testing Fund	8,000
Aaron Lecture Series Fund	6,600
Lillian Norberg Endowment Fund	40,650
Rosetta Mulmed Fund	20,858
	<hr/>
Total permanently restricted net assets	<u><u>\$ 7,244,518</u></u>

**Note I – Change in Accounting Framework**

Effective July 1, 2013, the Trust adopted generally accepted accounting principles for not-for-profit organizations as proscribed by the *FASB Accounting Standards Codification (ASC)*, as its accounting framework. Previously, the Trust reported under Governmental Accounting Standards Board (GASB) pronouncements. The Trust elected to make the change as similar organizations report under the FASB accounting framework and as such, the users of its financial statements are more familiar with this framework.

Under ASC 958-205, *Financial Statements of Not-For-Profit Organizations*, the Trust's resources and net assets are classified in the financial statements based on the existence or absence of donor-imposed restrictions according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. As of July 1, 2013, the Trust restated net assets of \$17,986,524 into the unrestricted, temporarily restricted, and permanently restricted categories totaling, \$7,126,662, \$8,028,134 and \$2,831,728, respectively.

**REQUIRED  
SUPPLEMENTAL INFORMATION**

**Required Supplemental Information**

As of June 30, 2014

**Defined Benefit Pension Trust****I. Schedule of Funding Progress**

(000's)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio a/b	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c
1/1/2014	\$ 411,221	\$ 529,081	\$ 117,860	77.7%	\$ 107,293	109.8%
1/1/2013	392,990	511,924	118,934	76.8%	110,285	107.8%
1/1/2012	378,454	495,920	117,466	76.3%	104,313	112.6%
1/1/2011	372,469	484,698	112,229	76.8%	101,690	110.4%
1/1/2010	365,775	457,233	91,458	80.0%	108,423	84.4%
1/1/2009	359,191	437,504	78,313	82.1%	111,170	70.4%
1/1/2008	392,428	412,704	20,276	95.1%	107,574	18.8%
1/1/2007	370,778	384,173	13,395	96.5%	103,358	13.0%
1/1/2006	347,721	347,121	(600)	100.2%	95,804	-0.6%
1/1/2005	330,079	322,939	(7,140)	102.2%	89,434	-8.0%

Note: The Library's portion of the unfunded actuarially accrued liability is not separately determinable.

**II. Schedule of MERP Employer Contributions Required Supplemental Information**

## Municipal Employees Pension Fund

(000's)

Fiscal Year	Annual Required Contribution	Percentage Contributed
2014	\$ 13,324	99%
2013	12,186	117%
2012	12,643	84%
2011	9,783	70%
2010	9,747	74%
2009	7,004	102%
2008	6,777	103%
2007	6,512	100%
2006	6,036	100%
2005	5,634	100%

**Required Supplemental Information**

As of June 30, 2014

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**III. Notes to Required Supplemental Information**

	<u>Municipal Employees Pension Fund</u>
Valuation date	January 1, 2014
Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll, open
Remaining amortization period	30 years
Actuarial asset valuation method	5 Year Smoothed Fair Market Value
Actuarial assumptions:	
Investment rate of return*	7.75%
Projected salary increases*	4.25% - 13.70%
*Includes inflation at	3.25%
Cost of living adjustments	None

## **Other Supplemental Information**

Tulsa City-County Library

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

As of June 30, 2014

	Land	Construction in Process	Buildings and Improvements	Furniture Fixtures and Equipment	Total Property, Plant and Equipment	Number of Books and Certain Other Library Materials
Bixby	\$ 33,751	\$ -	\$ 287,766	\$ 116,014	\$ 437,531	28,099
Bookmobile	-	-	-	271,988	271,988	35,624
Broken Arrow	1,341,925	-	1,774,218	327,685	3,443,828	64,250
Brookside	120,678	-	687,442	202,000	1,010,120	50,409
Central Librarium	386,873	4,465,632	7,064,939	7,869,691	19,787,135	636,765
Charles Page	-	-	1,144,052	234,051	1,378,103	21,739
Collinsville	-	-	1,092,358	133,987	1,226,345	31,645
Kendall-Whittier	84,990	-	1,034,717	141,915	1,261,622	26,101
Genealogy	100,000	-	673,632	131,195	904,827	31,315
Glenpool	-	-	17,710	115,496	133,206	12,950
New HK Kaiser (HKK)	97,157	-	561,846	98,645	757,648	28,421
Hardesty South Regional	-	-	2,307,063	315,641	2,622,704	50,515
Jenks	2,225,230	-	7,607,727	865,747	10,698,704	118,889
Judy A. Kishner Library (KI)	2,407,483	-	600,554	123,721	3,131,758	36,348
Martin East Regional	105,258	-	1,153,894	127,993	1,387,145	20,636
Maxwell	52,680	-	3,067,831	613,957	3,734,468	103,974
Nathan Hale	-	-	492,865	140,970	633,835	31,143
Owasso	50,291	-	645,527	106,293	802,111	32,654
Peggy Helmerich	524,197	-	1,077,966	189,452	1,791,615	63,328
Pratt	196,044	-	1,902,882	262,613	2,361,539	65,500
Rudisill North Regional	-	-	577,590	136,144	713,734	34,370
Schusterman-Benson	-	-	2,363,327	401,816	2,765,143	52,612
Skiatook	279,445	-	1,279,050	200,094	1,758,589	52,679
South Broken Arrow	63,876	-	463,265	122,985	650,126	23,930
Suburban Acres	74,209	-	616,192	177,781	868,182	43,170
Support Service Center	-	-	552,099	105,603	657,702	20,066
Zarrow Regional Library	126,000	-	3,073,427	567,249	3,766,676	-
<b>Totals</b>	<b>\$ 8,343,786</b>	<b>\$ 4,465,632</b>	<b>\$ 44,195,259</b>	<b>\$ 14,363,928</b>	<b>\$ 71,368,605</b>	<b>1,773,575</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, 2013

	Land	Construction in Process	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	\$ 116,947	\$ 959,336	29,060
Bookmobile	-	-	-	152,052	152,052	36,041
Broken Arrow	1,341,925	-	1,771,818	219,806	3,333,549	66,665
Brookside	120,678	-	684,188	161,086	965,952	50,416
Central	386,873	2,416,247	7,154,759	7,949,583	17,907,463	632,469
Librarium	-	-	195,672	1,465	197,137	12,333
Charles Page	-	-	1,085,108	127,987	1,213,095	30,478
Collinsville	84,990	-	1,034,717	142,160	1,261,866	26,969
Kendall-Whittier	100,000	-	673,632	134,201	907,832	29,851
Genealogy	-	-	-	113,658	113,658	12,583
Glenpool	97,157	-	552,391	98,645	748,193	28,908
New HK Kaiser (HKK)	-	-	2,307,063	315,642	2,622,705	47,151
Hardesty South Regional	2,225,230	-	7,597,687	854,551	10,677,467	125,383
Jenks	64,349	-	566,554	122,330	753,233	36,503
Judy A. Kishner Library (KI)	105,258	-	1,153,894	127,993	1,387,145	21,589
Martin East Regional	52,680	-	3,067,831	601,627	3,722,138	109,243
Maxwell	-	-	492,865	140,970	633,835	34,266
Nathan Hale	50,291	-	645,527	106,293	802,111	34,572
Owasso	524,197	-	1,077,966	182,638	1,784,800	67,180
Peggy Helmerich	196,044	-	1,890,007	262,613	2,348,665	67,132
Pratt	-	-	577,590	136,143	713,734	34,545
Rudisill North Regional	-	-	2,363,327	400,298	2,763,625	54,452
Schusterman-Benson	279,445	-	1,276,370	199,618	1,755,433	51,368
Skiatook	63,876	-	432,642	119,475	615,993	24,207
South Broken Arrow	74,209	-	616,192	177,781	868,183	42,612
Suburban Acres	-	-	552,099	106,359	658,458	22,415
Support Service Center	126,000	-	3,073,427	63,319	3,262,746	-
Zarrow Regional Library	73,699	-	2,075,320	248,831	2,397,850	52,371
<b>Totals</b>	<b>\$ 6,467,989</b>	<b>\$ 2,416,247</b>	<b>\$ 43,259,947</b>	<b>\$ 13,384,070</b>	<b>\$ 65,528,254</b>	<b>1,780,762</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.



**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, 2014, which collectively comprise the Library's basic financial statements and have issued our report thereon dated December 16, 2014. 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  
December 16, 2014

*Stanfield & O'Sell P.C.*