

**Tulsa City-County Library**

**Financial Statements**  
and  
Independent Auditors' Report

**June 30, 2013 and 2012**

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## **Independent Auditors' 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, the discretely presented component unit (presented on pages 24 to 37) and the major fund of the Tulsa City-County Library (the "Library"), as of and for the years ended June 30, 2013 and 2012, 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.

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, the discretely presented component unit and major fund of the Library as of June 30, 2013 and 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis information on pages 3 to 7 and the Defined Benefit Pension Trust on pages 38 to 39 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*

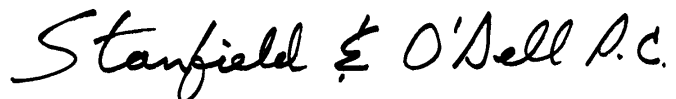
Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Library's basic financial statements. The supplemental schedule of capital assets by location (cash basis) is presented for purposes of additional analysis and are not a required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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2013 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, 2013



**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, 2013 and 2012. 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, 2013, 2012 and 2011 include the following:

- The Library's assets exceeded its liabilities (net position) at June 30, 2013, 2012 and 2011, by approximately \$67.8, \$67.1 and \$68.8 million, respectively.
- The Library's net assets increased approximately \$0.7, decreased \$1.7, and increased \$1.4 million during the years ended June 30, 2013, 2012 and 2011, respectively.
- Revenues from ad valorem taxes were \$26.5 million for June 30, 2013 and were \$25.9 million for both the years ended June 30, 2012 and 2011.
- Total expenses were approximately \$27.5, \$29.5 and \$27.1 million for the years ended June 30, 2013, 2012 and 2011, respectively.
- Fiscal 2013, 2012 and 2011 capital outlay expenditures were approximately \$1.4, \$1.6 and \$2.2 million, respectively.

### Overview of the Basic Financial Statements

This discussion and analysis serves as an introduction to the Library's Basic Financial Statements. The Library's Basic Financial Statements are comprised of government-wide financial statements, fund financial statements and notes to the Basic Financial Statements. The government-wide financial statements are comprised of the Statements of Net Position and the Statements of Activities (on pages 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:

	2013	2012	2011
Current assets	\$ 29,183,598	\$ 28,844,223	\$ 28,750,868
Capital assets	41,601,522	40,887,547	41,649,302
Total assets	70,785,120	69,731,770	70,400,170
Total liabilities (including long-term capital leases of \$19,759, \$33,144 and \$52,564, respectively)	(2,987,088)	(2,592,625)	(1,554,821)
Net assets			
Investment in capital assets, net of related debt	41,581,763	40,854,403	41,596,738
Unrestricted	26,216,269	26,284,742	27,248,611
	\$ 67,798,032	\$ 67,139,145	\$ 68,845,349

### Changes in Net Position

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

Revenues	2013	2012	2011
Program Revenues:			
Library services and fees	\$ 997,407	\$ 1,211,211	\$ 1,180,669
Governmental and other grants	99,781	117,978	469,622
Gifts and contributions:			
Trust	267,418	303,780	623,000
Other	2,277	1,295	2,117
General Revenues:			
Ad valorem taxes	26,464,108	25,907,964	25,901,642
Interest income	57,058	51,411	37,727
State aid	239,523	240,088	268,281
Total revenues	28,127,572	27,833,727	28,483,058
Expenses			
Library services:			
Personnel services	17,206,245	17,995,770	16,377,159
Books and other library materials and equipment	1,085,178	1,489,986	880,193
Maintenance and operations	4,362,911	4,896,983	4,458,719
Depreciation	4,693,163	5,032,364	5,273,343
Disbursements to Tulsa County for use in revaluation program	119,176	122,079	118,410
Other	2,012	2,749	4,160
Total expense	27,468,685	29,539,931	27,111,984
Change in net assets	\$ 658,887	\$ (1,706,204)	\$ 1,371,074



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

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

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 Library's total fund balance increased by approximately \$0.2 million during fiscal 2012 to approximately \$26.8 million at June 30, 2012, from approximately \$26.6 million at June 30, 2011. The \$15 million in assigned funds is reserved for the Central Library renovations. The unassigned fund balance as of June 30, 2013, has been internally designated for encumbrances (approximately \$2,945,000) and for buildings and technology (approximately \$3,045,000). Total fund revenues for fiscal 2013 were approximately \$28.4 million, which included ad valorem tax revenues of approximately \$26.4 million.

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

#### **Assets**

At June 30, 2013, 2012 and 2011, the Library had approximately \$41.6, \$40.9 and \$41.6 million, respectively, invested in capital assets. Capital assets, net of accumulated depreciation, increased by \$0.7 million during the fiscal year ended 2013 and decreased by \$0.8 and \$0.6 million, respectively, during the fiscal years ended 2012 and 2011.

#### **Debt**

At June 30, 2013, 2012 and 2011, the Library had approximately \$20,000, \$33,000 and \$53,000 respectively, outstanding on capital leases for copy machines. There was also approximately \$1,104,000 outstanding for the net pension obligation liability at June 30, 2013.

### **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 fall of 2015.

### **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	
	2013	2012
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 27,643,057	\$ 27,098,134
Ad Valorem taxes receivable	1,389,993	1,429,077
Receivable - Tulsa Library Trust	14,243	13,616
Miscellaneous receivables	103,805	24,896
Prepaid expense	32,500	-
Funds held in escrow	-	278,500
Total current assets	<u>29,183,598</u>	<u>28,844,223</u>
Capital assets		
Land, non-depreciable capital assets	9,119,421	6,515,451
Capital assets, net	<u>32,482,101</u>	<u>34,372,096</u>
Total capital assets	<u>41,601,522</u>	<u>40,887,547</u>
Total assets	<u>\$ 70,785,120</u>	<u>\$ 69,731,770</u>
<b>Liabilities</b>		
Current liabilities		
Accounts payable	\$ 803,108	\$ 552,184
Salaries and benefits payable	1,060,230	1,042,789
Capital lease obligations payable within one year	14,219	13,385
Total current liabilities	<u>1,877,557</u>	<u>1,608,358</u>
Capital lease obligations payable after one year	5,540	19,759
NPO liability	<u>1,103,991</u>	<u>964,508</u>
Total liabilities	<u>2,987,088</u>	<u>2,592,625</u>
<b>Net Position</b>		
Invested in capital assets, net of related debt	41,581,763	40,854,403
Unrestricted	<u>26,216,269</u>	<u>26,284,742</u>
Total net position	<u>67,798,032</u>	<u>67,139,145</u>
Total liabilities and net position	<u>\$ 70,785,120</u>	<u>\$ 69,731,770</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	
	2013	2012
Expenses		
Library services:		
Personnel services	\$ 17,206,245	\$ 17,995,770
Books and other library materials and equipment	1,085,178	1,489,986
Maintenance and operations	4,362,911	4,896,983
Depreciation	4,693,163	5,032,364
Disbursement to Tulsa County for use in County Assessor revaluation program	119,176	122,079
Other	2,012	2,749
Total program expenses	<u>27,468,685</u>	<u>29,539,931</u>
Program revenues		
Library services and fees	997,407	1,211,211
Government and other grants	99,781	117,978
Specific operating/capital contributions:		
Tulsa Library Trust	267,418	303,780
Other	2,277	1,295
Total program revenues	<u>1,366,883</u>	<u>1,634,264</u>
Net program expense	<u>26,101,802</u>	<u>27,905,667</u>
General revenues		
Ad valorem taxes	26,464,108	25,907,964
Interest income	57,058	51,411
State aid	239,523	240,088
Total general revenues	<u>26,760,689</u>	<u>26,199,463</u>
Increase (decrease) in net position	658,887	(1,706,204)
Net position, beginning of year	<u>67,139,145</u>	<u>68,845,349</u>
Net position, end of year	<u>\$ 67,798,032</u>	<u>\$ 67,139,145</u>

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

Tulsa City-County Library

**Balance Sheets - Governmental Funds**

June 30,

	General Fund	
	2013	2012
<b>Assets</b>		
Cash and cash equivalents	\$ 27,643,057	\$ 27,098,134
Receivables, primarily ad valorem taxes	1,389,993	1,429,077
Receivable - Tulsa Library Trust	14,243	13,616
Miscellaneous receivable	103,805	24,896
Prepaid expense	32,500	-
Total assets	<u>\$ 29,183,598</u>	<u>\$ 28,565,723</u>
<b>Liabilities and Fund Balances</b>		
Liabilities		
Accounts payable	\$ 803,107	\$ 552,185
Salaries and benefits payable	40,743	65,929
Deferred ad valorem tax revenue	1,143,139	1,115,343
Total liabilities	<u>1,986,989</u>	<u>1,733,457</u>
Fund balances		
Assigned	15,000,000	15,000,000
Unassigned	12,196,609	11,832,266
Total fund balances	<u>27,196,609</u>	<u>26,832,266</u>
Total liabilities and fund balances	<u>\$ 29,183,598</u>	<u>\$ 28,565,723</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,

	2013	2012
Fund balances - total governmental funds	\$ 27,196,609	\$ 26,832,266
Amounts reported for governmental activities in the statements of net position are different because:		
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the fund financial statements.	41,601,522	40,887,547
Ad valorem tax receivables are reported in the fund financial statements under the modified - accrual approach whereas ad valorem receivables are reported under the full accrual approach in the statement of net assets. This is the net amount by which ad valorem receivables under the full accrual approach exceed ad valorem revenues under the modified-accrual approach. This excess is reported as deferred revenue in the fund financial statements.	1,143,139	1,115,343
Funds held in escrow are not an available financial resource in the fund financial statements under the modified - accrual approach in the statements of net position and therefore, are not reported in the fund financial statements.	-	278,500
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:		
Compensated absences	(1,019,488)	(976,859)
Capital lease obligations	(19,759)	(33,144)
Net pension obligations	(1,103,991)	(964,508)
Net position of governmental activities	<u>\$ 67,798,032</u>	<u>\$ 67,139,145</u>

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

Tulsa City-County Library

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

Years Ended June 30,

	General Fund	
	2013	2012
<b>Revenues</b>		
Ad Valorem taxes	\$ 26,436,312	\$ 26,084,890
Interest income	56,651	51,411
Gifts and contributions:		
Tulsa Library Trust	267,418	303,780
Other	2,275	1,296
Library services and fees	1,275,907	1,211,211
Government and other grants	99,781	117,978
State aid	239,523	240,088
	<u>28,377,867</u>	<u>28,010,654</u>
<b>Expenditures</b>		
Library services:		
Personnel services	17,024,133	16,990,808
Books and other library materials and equipment	3,357,611	4,128,892
Maintenance and operations	4,333,900	4,920,792
Disbursement to Tulsa County for use in County Assessor reevaluation program	119,176	122,079
Capital outlay	3,178,704	1,630,064
	<u>28,013,524</u>	<u>27,792,635</u>
<b>Net change in fund balances</b>	364,343	218,019
<b>Fund balances - beginning of year</b>	<u>26,832,266</u>	<u>26,614,247</u>
<b>Fund balances - end of year</b>	<u>\$ 27,196,609</u>	<u>\$ 26,832,266</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,

	2013	2012
Net change in fund balances - total governmental funds	\$ 364,343	\$ 218,019
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.	713,975	(761,755)
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.	27,796	(176,927)
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	(42,629)	(40,454)
Capital lease obligations	13,385	19,421
Net pension obligations	(139,483)	(964,508)
Change in net position of governmental activities	<u>\$ 658,887</u>	<u>\$ (1,706,204)</u>

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



**Notes to Financial Statements**

June 30, 2013 and 2012

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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. The Library applies all applicable GASB pronouncements, as well as Financial Accounting Standards Board (“FASB”) pronouncements and Accounting Principles Board (“APB”) Opinions issued on or before November 30, 1989, unless those pronouncements conflict with, or contradict, GASB pronouncements.

*Reclassifications* – Certain 2012 amounts have been reclassified in order to conform with the 2013 financial statement presentation with no effect on net income.

*Subsequent Events* – The Library has evaluated subsequent events through December 16, 2013, 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, 2013 and 2012

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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.

**Notes to Financial Statements**

June 30, 2013 and 2012

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**Note B – Basis of Presentation - Continued**

The Tulsa Library Trust (the Trust) was established to benefit the Library and, meeting the criteria above, is considered a component unit of the Library. The assets of the Trust are held in endowment funds. These funds are required to be retained in perpetuity in accordance with the donor's intent. The income from these investments may be expended for the benefit of the Library. The determination of amounts to be expended and the timing of those expenditures are solely that of the Board of the Trust. Management and the Commission of the Library cannot control the Board of the Trust and, therefore, presenting the assets, liabilities and operations of the Trust alongside the financial data of the Library could and would be misleading to the users of the financial statements. In order to comply with the requirements of Statement No. 39, management has elected to present the financial information of its discretely presented component unit in their entirety on pages 24 to 37. 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.

**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.

**Notes to Financial Statements**

June 30, 2013 and 2012

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

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

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

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

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

*Deferred Ad Valorem Taxes* – The governmental fund financial statements record Ad Valorem taxes earned but not received within 60 days of year-end as deferred revenue at June 30, 2013 and 2012.

*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 represent unrestricted liquid assets. The governmental fund financial statements classify equity as an unreserved fund balance.

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

**Notes to Financial Statements**

June 30, 2013 and 2012

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**Note D – Fund Equity**

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

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

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

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

*Assigned* – Amounts that are designated by the Library for a specific purpose but are not spendable until a budget ordinance is passed by the Board of Commission.

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

The General Fund has assigned funds of \$15,000,000 for the Central Library renovations. The Unassigned Fund Balance of \$12,196,609 includes approximately \$2,945,000 designated for encumbrances and \$3,045,000 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, 2013 and 2012 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.

**Notes to Financial Statements**

June 30, 2013 and 2012

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

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

**Note G – Ad Valorem Taxes**

The Library's share of the County's Ad Valorem taxes due but not collected by the County as of June 30, 2013 and 2012 is \$1,389,993 and \$1,429,077, respectively. Amounts are considered fully collectible.

**Note H – Capital Assets**

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

	Balance July 1, 2012	Additions	Deductions	Balance June 30, 2013
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>

**Notes to Financial Statements**

June 30, 2013 and 2012

**Note H – Capital Assets - Continued**

The Library's capital assets activity for fiscal 2012 and 2011 is as follows:

	Balance July 1, 2011	Additions	Deductions	Balance June 30, 2012
Capital assets not being depreciated:				
Land and improvements	\$ 6,417,989	\$ -	\$ -	\$ 6,417,989
Construction in progress	-	97,462	-	97,462
	<u>6,417,989</u>	<u>97,462</u>	<u>-</u>	<u>6,515,451</u>
Capital assets being depreciated:				
Buildings and improvements	41,796,077	875,672	-	42,671,749
Furniture, fixtures and equipment	12,934,176	656,926	(44,553)	13,546,549
Books	25,449,130	2,638,906	(2,812,880)	25,275,156
	<u>80,179,383</u>	<u>4,171,504</u>	<u>(2,857,433)</u>	<u>81,493,454</u>
Accumulated depreciation for:				
Buildings and improvements	(22,056,962)	(1,412,438)	-	(23,469,400)
Furniture, fixtures and equipment	(9,299,740)	(1,253,300)	51,122	(10,501,918)
Books	(13,591,368)	(2,371,553)	2,812,881	(13,150,040)
	<u>(44,948,070)</u>	<u>(5,037,291)</u>	<u>2,864,003</u>	<u>(47,121,358)</u>
Total capital assets being depreciated, net	<u>35,231,313</u>	<u>(865,787)</u>	<u>6,570</u>	<u>34,372,096</u>
Capital assets, net	<u>\$ 41,649,302</u>	<u>\$ (768,325)</u>	<u>\$ 6,570</u>	<u>\$ 40,887,547</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 7/1/2012	Additions	Deletions	Balance at 6/30/2013	Due Within One Year
Capital leases	<u>\$ 33,144</u>	<u>\$ -</u>	<u>\$ 13,385</u>	<u>\$ 19,759</u>	<u>\$ 14,219</u>
	Balance at 7/1/2011	Additions	Deletions	Balance at 6/30/2012	Due Within One Year
Capital leases	<u>\$ 52,564</u>	<u>\$ -</u>	<u>\$ 19,420</u>	<u>\$ 33,144</u>	<u>\$ 13,385</u>

**Notes to Financial Statements**

June 30, 2013 and 2012

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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, 2013 are as follows: \$14,219 in 2014 and \$5,540 in 2015. The total amount representing interest is \$832.

**Note J – Commitments**

The Library leases some of its branch library buildings. The lease terms for the branch libraries are generally for one-year periods that expire in April and June. The lease agreements usually provide one-year renewal options for up to ten years. Total rent-related disbursements under these leases for 2013 were \$14,948.

In addition, the Library has a license agreement with a computer software vendor that is renewable annually. The maintenance fee for 2013 and 2012 was \$161,928 and \$160,162.

In 2011, the Commission approved a plan to remodel the Central Library Building, with an estimated cost of \$47.8 million. The project is expected to begin in the spring of 2013 and be completed by the fall of 2015 and will be funded through a combination of funds. \$15 million has been 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 Library will be implementing a capital campaign to secure funding for an additional portion of the project. If the initiative passes, the Library is scheduled to receive proceeds of \$10 million as part of the "Improve My Tulsa" campaign.

**Note K – Intergovernmental Operating Lease**

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

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

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



**Notes to Financial Statements**

June 30, 2013 and 2012

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

*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, 2013 and 2012 were \$1,241,604 and \$2,063,980, respectively, and was equal to its required contributions for each year.

*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, 2013 and 2012, the Trust contributed \$267,418 and \$303,780, 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, 2013 and 2012

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**Note O – Recent Accounting Pronouncements**

In November 2010, the Governmental Accounting Standards Board (GASB) issued Statement No. 61, *The Financial Reporting Entity: Omnibus*, modifies certain requirements for inclusion of component units in the financial reporting entity. For organizations that previously were required to be included as component units by meeting the fiscal dependency criterion, a financial benefit or burden relationship also needs to be present between the primary government and that organization for it to be included in the reporting as a component unit. The provisions of the Statement are effective for periods beginning after July 25, 2012. The Library is currently evaluating the effects that Statement No. 61 may have on their financial statements.

In June 2011, The Governmental Accounts Standards Board (GASB) issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which establishes guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position. The Statement specifies that the statement of net position should report all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. Statement No. 63 also specifies that the statement of net position should report the residual amount as net position rather than net assets. Under the Statement, net position should be displayed in three components similar to those currently required for net assets: net investment in capital assets, restricted and unrestricted. The provisions of this Statement are effective for periods beginning after December 15, 2012 and will be applied on a prospective basis. The Library is currently evaluating the effects that Statement No. 63 may have on their financial statements.

In April 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which clarifies the appropriate reporting of deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. Statement No. 65 reclassifies and recognizes certain items currently being reported as assets and liabilities as one of four financial statement elements: deferred outflows of resources, outflows of resources, deferred inflows of resources, or inflows of resources. The provisions of this Statement are effective for periods beginning after December 15, 2012, and will be applied on a prospective basis. The Library is currently evaluating the effects that Statement No. 65 may have on their financial statements.

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)

**Statements of Net Position**

June 30,

	2013	2012
<b>Assets</b>		
Current assets		
Cash	\$ 85,263	\$ 22,871
Investments		
Marketable investments, at fair value	2,089,071	1,856,660
Cash equivalents	448,166	157,645
Accrued interest receivable	23,796	21,337
Pledges receivable and other assets	691,125	10,150
Total current assets	<u>3,337,421</u>	<u>2,068,663</u>
Non-current assets		
Restricted investments	12,902,127	11,367,999
Pledges receivable, less current portion	1,788,070	27,858
Total non-current assets	<u>14,690,197</u>	<u>11,395,857</u>
<b>Total assets</b>	<u><u>\$ 18,027,618</u></u>	<u><u>\$ 13,464,520</u></u>
<b>Liabilities</b>		
Current liabilities		
Accounts payable	\$ 26,851	\$ 11,509
Due to Tulsa City-County Library	14,243	13,616
Total current liabilities	<u>41,094</u>	<u>25,125</u>
<b>Net Position</b>		
Restricted - non-expendable	7,160,652	6,913,037
Restricted - expendable	8,186,481	4,409,711
Unrestricted	2,639,391	2,116,647
Total net position	<u>17,986,524</u>	<u>13,439,395</u>
<b>Total liabilities and net position</b>	<u><u>\$ 18,027,618</u></u>	<u><u>\$ 13,464,520</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)

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

Years Ended June 30,

	2013	2012
<b>Operating revenues</b>		
Special activities	\$ 328,730	\$ 264,562
Contributions	173,507	317,075
Interest income	68,553	72,294
Dividend income	259,182	190,862
Net increase in fair value of marketable investments	1,403,458	3,421
Net operating revenues	<u>2,233,430</u>	<u>848,214</u>
<b>Operating expenses</b>		
Library capital contributions	63,815	107,260
Grants and special programs	158,530	182,668
Library books and records	193,900	113,489
Library personnel	210,480	178,962
Special programs/summer reading program	116,015	108,437
Distinguished author series	88,733	91,995
Children's and literacy book distributions	111,726	105,133
Scholarships	2,000	4,000
Other	192,457	127,130
Total operating expenses	<u>1,137,656</u>	<u>1,019,074</u>
<b>Operating income (loss)</b>	1,095,774	(170,860)
Capital campaign contributions	3,387,721	-
Contributions to endowment funds	63,634	114,925
<b>Increase (decrease) in net position</b>	4,547,129	(55,935)
<b>Net position, beginning of year</b>	<u>13,439,395</u>	<u>13,495,330</u>
<b>Net position, end of year</b>	<u>\$ 17,986,524</u>	<u>\$ 13,439,395</u>

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

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

**Statements of Cash Flows**

Years Ended June 30,

	2013	2012
<b>Operating activities</b>		
Cash received from:		
Contributions	\$ 184,364	\$ 280,131
Special activities	328,731	264,562
Interest income	66,094	75,893
Dividend income	259,182	190,862
Total receipts	<u>838,371</u>	<u>811,448</u>
Cash paid for:		
Library books and records	178,558	107,902
Library personnel	210,480	178,962
Special programs/summer reading program	274,545	291,105
Distinguished author series	88,733	91,995
Scholarships	2,000	4,000
Capital contributions	63,188	118,259
Children's and literacy book distributions	111,726	105,133
Other	192,457	127,130
Total disbursements	<u>1,121,687</u>	<u>1,024,486</u>
Net cash used in operating activities	<u>(283,316)</u>	<u>(213,038)</u>
<b>Investing activities</b>		
Proceeds from the sale of marketable investments	8,531,575	5,047,803
Purchases of marketable investments	(9,185,177)	(4,967,462)
Net cash provided by (used in) investing activities	<u>(653,602)</u>	<u>80,341</u>
<b>Capital and related financing activities</b>		
Contributions to endowment	63,634	114,925
Capital campaign contributions	935,676	-
<b>Net increase (decrease) in cash</b>	62,392	(17,772)
<b>Unrestricted cash, beginning of year</b>	<u>22,871</u>	<u>40,643</u>
<b>Unrestricted cash, end of year</b>	<u>\$ 85,263</u>	<u>\$ 22,871</u>

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

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

**Statements of Cash Flows - Continued**

Years Ended June 30,

	2013	2012
Reconciliation of operating income (loss) to cash provided by (used in) operating activities:		
Operating income (loss)	\$ 1,095,774	\$ (170,860)
Adjustments to reconcile operating income to net provided by (used in) operating activities:		
Net realized and unrealized gain on marketable investments	(1,403,458)	(3,421)
Changes in operating assets and liabilities:		
Accrued interest receivable	(2,459)	3,599
Pledges receivable and other assets	10,858	(36,944)
Accounts payable	15,342	5,587
Amounts due to Tulsa City-County Library	627	(10,999)
Net cash used in operating activities	<u>\$ (283,316)</u>	<u>\$ (213,038)</u>

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

## Notes to Financial Statements

June 30, 2013 and 2012

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

*Reporting Entity and Mission* – The Tulsa Library Trust (the Trust) was established in 1972 by the Friends of the Tulsa Public Library, Inc. and the Tulsa City-County Library Commission to benefit the Tulsa City-County Library (“TCCL” or the “Library”), and for the advancement of literature and library sciences. The mission of the Trust is to increase endowment and donor funding to improve and enhance the Library’s programs, collections, services, librarian training and to administer Trust expenditures and investments. The Library is the primary beneficiary of the income of the Trust. The Trust is governed by a board of eleven trustees (the “Trustees”). Although the Trust is considered a component unit of the Library under GASB Statement No. 39, the Library has no control over the use of resources held by the Trust or control over when the Trust will make expenditures for the benefit of the Library.

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

The net position of the Trust is classified into the following components:

- *Restricted* – Consists of net position amounts with constraints placed on the use either by external groups, such as contributors, or by laws and regulations. Restricted net position amounts classified as nonexpendable represent amounts that are required to be retained in perpetuity, such as permanent endowments. Restricted net position amounts classified as expendable represent amounts for which the donor has specified the purpose for which the contributed net position amounts are to be used.
- *Unrestricted* – All other assets that do not meet the definition of “restricted.”

When an expense is incurred that can be paid using either restricted or unrestricted resources, the Trust’s policy is to first apply the expense toward restricted resources, and then toward unrestricted resources.



**Notes to Financial Statements**

June 30, 2013 and 2012

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

Within the Trust's restricted net position 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.
- 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.

## Notes to Financial Statements

June 30, 2013 and 2012

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

- Peggy V. Helmerich Fund – This fund is designed to purchase family-related and religiously oriented material for the Library’s collections, using earnings from the contribution. The contribution to establish the fund has been designated by the donor to function as an endowment.
  - Warren M. Stroud Fund – This fund is designed to purchase books in the fields of the arts and music.
  - Lillian Norberg Endowment Fund – This endowment began with a \$5,000 contribution from the Friends of the Tulsa City-County Libraries in honor of Lillian Norberg. Each year, the Friends will submit project suggestions regarding the use of the expendable earnings.
  - Allie Beth Martin Scholarship Fund – This fund is designed to provide financial grant assistance to residents of Oklahoma who wish to take graduate level courses leading to a Masters Degree in Library Science.
  - American Indian Festival of Words – This fund is designed to provide an annual award, which honors the finest in American Indian writing or a circle of honor recognition to an American Indian role model. Annual programming is included.
  - Marcus R. Tower Service Award Fund – This fund is designed to provide for the annual Marcus R. Tower Service Award to a community volunteer working on behalf of libraries and literacy.
  - American Society for Non-Destructive Testing Fund (“ASNT”) – This fund is designed to purchase materials, which are decided annually by the ASNT Advisory Committee and TCCL staff. The contribution to establish the fund has been designated by the donor to function as an endowment.
  - Capital Campaign – This fund is designed to provide funds to aid in the renovation of the Central Library.
3. *Spending Policy* – The Trust’s spending policy is designed to release substantial current income for operating purposes in a stable stream while protecting the value of its invested assets against inflation. The Trust plans to distribute annually 5.5 percent of a trailing three-year (twelve quarter) average of the investment’s total market value, with the understanding that this spending rate, plus the rate of inflation, will not normally exceed the long-term total return earned on such investments. This total return basis for calculating spending is sanctioned by the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA), under which guidelines the Trust is permitted to spend an amount in excess of current yield (interest and dividends earned), including realized or unrealized appreciation. The spending policy is applied to endowment contributions consistent with donor stipulations. Periodically the Trust reviews its spending policy to ensure consistency with the overall long-term objectives of the Trust.

**Notes to Financial Statements**

June 30, 2013 and 2012

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

3. *Spending Policy - Continued*

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

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

5. *Investments* –

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

- *Cash Equivalents* - This investment account represents the carrying value of units held by the Trust in liquid asset funds. These funds are managed such that cost equals fair value.

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

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

8. *Contributions to Endowment Funds* – The Trust received contributions of approximately \$64,000 and \$115,000 to be restricted to the endowment for the years ended June 30, 2013 and 2012, respectively.

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

**Notes to Financial Statements**

June 30, 2013 and 2012

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

10. *Use of Estimates* – The preparation of the basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
11. *Subsequent Events* – The Trust has evaluated subsequent events through October 21, 2013, the date which the financial statements were available to be issued.

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

Deposits – On June 30, 2013 and 2012, the cash balance was \$85,263 and \$22,871, respectively, and is maintained by the Bank of Oklahoma in a depository account in the Trust’s name.

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

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

	2013		2012	
	Fair Value	Cost	Fair Value	Cost
Equity securities	\$ 9,927,102	\$ 7,135,473	\$ 8,293,623	\$ 6,449,724
Governmental agency, corporate obligations and fixed income funds	5,064,096	5,071,158	4,931,036	4,637,421
	<u>\$ 14,991,198</u>	<u>\$ 12,206,631</u>	<u>\$ 13,224,659</u>	<u>\$ 11,087,145</u>

The Trust has retained several outside investment management firms to provide for investment of the monies of the Trust except for a small amount of cash. Bank of Oklahoma is the custodian of all cash and investments. All investments are carried in street name (in the name of the agent, etc.) and are classified as Category 3 for credit risk. All investments are stated at fair value based on quoted prices in active markets.

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

**Notes to Financial Statements**

June 30, 2013 and 2012

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

The composition of the Trust investments is as follows:

	Fair Value	Cost	Average Credit Quality/ Rating (1)	Weighted Average Number of Years to Maturity (2)
Cavanall Hill Cash Management	\$ 448,166	\$ 448,166	N/A	N/A
U.S. Treasuries	421,479	400,483	AAA	12.82
U.S. Agencies	41,795	41,173	AAA	18.34
Corporate Bonds	876,114	827,040	AAA	20.42
Mutual Fund - Fixed	3,724,708	3,802,459	N/A	N/A
Domestic Stocks -Mutual Fund				
Large Cap	3,466,707	2,636,286	N/A	N/A
Mid-Cap	2,023,642	952,765	N/A	N/A
Small Cap	2,234,592	1,396,549	N/A	N/A
International	2,202,161	2,149,873	N/A	N/A
Total Investments	<u>\$ 15,439,364</u>	<u>\$ 12,654,794</u>		

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

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

As of June 30, 2013, the Trust had the following investments and maturities:

	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	More than 10
U.S. Treasuries (1)	\$ 421,479	0.0%	0.0%	47.0%	53.0%
U.S. Agencies (2)	41,795	0.0%	0.0%	13.0%	87.0%
Corporate Bonds	<u>876,114</u>	0.0%	0.0%	4.0%	96.0%
Total	<u>\$ 1,339,388</u>	0.0%	0.0%	18.0%	82.0%

**Notes to Financial Statements**

June 30, 2013 and 2012

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

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

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

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

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

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

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

**Investment Risk Disclosures**

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

## Notes to Financial Statements

June 30, 2013 and 2012

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

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

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

**Foreign Currency Risk** is the risk that changes in exchange rates which will adversely affect the fair value of an investment. The Board of Trustees has stated in the Policy the guidelines for the international equity portfolio manager. The constraints on the international equity portfolio manager are to diversify internationally across the global equity markets. The 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 14 percent of the total portfolio investments at fair value as of June 30, 2013. 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, 2013, the Trust's investments increased (including investments bought, sold and held during the year) in value and included realized gain of \$752,806 and unrealized gain of \$650,652. During the year ended June 30, 2012, the Trust's investments increased (including investments bought, sold and held during the year) in value and included realized gains of \$175,847 and unrealized loss of \$172,426.

The calculation of realized gains and losses is independent of the calculation of the changes in the fair value of investments. Realized gains for 2013 and 2012 include unrealized amounts from the prior periods.

**Notes to Financial Statements**

June 30, 2013 and 2012

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**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, are as follows:

	2013	2012
Capital Campaign pledges	\$ 2,646,974	\$ -
Other pledges	30,000	41,008
	<u>2,676,974</u>	<u>41,008</u>
Less: discount to present value	(197,779)	(3,000)
Net pledges receivable	<u>\$ 2,479,195</u>	<u>\$ 38,008</u>

Pledges receivables are due as follows: \$691,125 in 2014, \$684,126 in 2015, \$659,723 in 2016, \$616,000 in 2017 and \$26,000 in 2018.

**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, 2013, the fair value of the Library Books for Children Fund and the Betty Kaiser Library Literacy Fund was approximately \$414,000 and \$217,000, respectively. At June 30, 2012, the fair value of the Library Books for Children Fund and the Betty Kaiser Library Literacy Fund was approximately \$401,000 and \$215,000, 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 years ended June 30, 2013 and 2012, respectively. There was \$10,884 and \$10,796 in distributions made to the Trust by the Betty Kaiser Library Literacy Fund during fiscal years 2013 and 2012, respectively.



**Notes to Financial Statements**

June 30, 2013 and 2012

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**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 fiscal years ended June 30, 2013 and 2012, were \$14,243 and \$13,616, respectively. The outstanding balance primarily pertains to books and other materials acquired by TCCL on behalf of the Trust.

**Note F – Adoption of Governmental Accounting Standards Board (GASB) Statements No. 63**

In 2013, the Trust adopted GASB Statement No. 63 - *Financial Reporting of Deferred Outflows, Deferred Inflows of Resources and Net Position*. Statement No. 63 establishes guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position. The Statement specifies that the statement of net position should report all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. Statement 63 also specifies that the statement of net position should report the residual amount as net position rather than net assets. Under this statement, net position should be displayed in three components similar to those currently required for net assets; net investment in capital assets, restricted, and unrestricted.

**REQUIRED  
SUPPLEMENTAL INFORMATION**

**Required Supplemental Information**

As of June 30, 2013

**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
1/1/2013	\$ 392,990	\$ 511,927	\$ 118,937	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%
1/1/2004	312,900	306,760	(6,140)	102.0%	89,201	-6.9%

**II. Schedule of MERP Employer Contributions Required Supplemental Information**Municipal Employees Pension Fund  
(000's)

Fiscal Year	Annual Required Contribution	Percentage Contributed
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%
2004	5,620	100%

**Required Supplemental Information**

As of June 30, 2013

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**III. Notes to Required Supplemental Information**

	<u>Municipal Employees Pension Fund</u>
Valuation date	January 1, 2013
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, 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 Librarium	386,873	2,416,247	7,154,759	7,949,583	17,907,463	632,469
Charles Page	-	-	195,672	1,465	197,137	12,333
Collinsville	-	-	1,085,108	127,987	1,213,095	30,478
Kendall-Whittier	84,990	-	1,034,717	142,160	1,261,866	26,969
Genealogy	100,000	-	673,632	134,201	907,832	29,851
Glenpool	-	-	-	113,658	113,658	12,583
New HK Kaiser (HKK)	97,157	-	552,391	98,645	748,193	28,908
Hardesty South Regional	-	-	2,307,063	315,642	2,622,705	47,151
Jenks	2,225,230	-	7,597,687	854,551	10,677,467	125,383
Judy A. Kishner Library (KI)	64,349	-	566,554	122,330	753,233	36,503
Martin East Regional	105,258	-	1,153,894	127,993	1,387,145	21,589
Maxwell	52,680	-	3,067,831	601,627	3,722,138	109,243
Nathan Hale	-	-	492,865	140,970	633,835	34,266
Owasso	50,291	-	645,527	106,293	802,111	34,572
Peggy Helmerich	524,197	-	1,077,966	182,638	1,784,800	67,180
Pratt	196,044	-	1,890,007	262,613	2,348,665	67,132
Rudisill North Regional	-	-	577,590	136,143	713,734	34,545
Schusterman-Benson	-	-	2,363,327	400,298	2,763,625	54,452
Skiatook	279,445	-	1,276,370	199,618	1,755,433	51,368
South Broken Arrow	63,876	-	432,642	119,475	615,993	24,207
Suburban Acres	74,209	-	616,192	177,781	868,183	42,612
Support Service Center	-	-	552,099	106,359	658,458	22,415
Zarrow Regional Library	126,000	-	3,073,427	63,319	3,262,746	-
Totals	73,699	-	2,075,320	248,831	2,397,850	52,371
Totals	\$ 6,467,989	\$ 2,416,247	\$ 43,259,947	\$ 13,384,070	\$ 65,528,254	1,780,762

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, 2012

	Land	Buildings and Improvements	Furniture Fixtures and Equipment	Total Property, Plant and Equipment	Number of Books and Certain Other Library Materials
Bixby	\$ 501,087	\$ 341,302	\$ 115,960	\$ 958,349	31,218
Bookmobile	-	-	152,052	152,052	41,820
Broken Arrow	1,341,925	1,772,055	219,969	3,333,949	68,535
Brookside	120,678	659,996	160,099	940,773	47,547
Central	386,873	7,151,070	8,044,573	15,582,516	868,076
Charles Page	-	1,085,108	127,000	1,212,108	31,495
Collinsville	84,990	1,031,117	146,565	1,262,672	29,392
Kendall-Whittier	100,000	673,632	138,606	912,238	28,463
Genealogy	-	-	113,658	113,658	12,211
Glenpool	97,157	552,391	104,187	753,735	29,272
New HK Kaiser (HKK)	-	2,307,063	301,863	2,608,926	54,782
Hardesty South Regional	2,225,230	7,576,921	847,713	10,649,864	137,942
Jenks	14,349	566,554	121,601	702,504	37,464
Judy Z. Kishner Library (KI)	99,832	1,153,894	127,664	1,381,390	20,812
Martin East Regional	52,680	3,045,105	589,684	3,687,469	112,431
Maxwell	-	491,059	139,983	631,042	34,004
Nathan Hale	50,291	645,527	105,635	801,453	35,503
Owasso	524,197	1,076,327	182,111	1,782,635	65,828
Peggy Helmerich	196,044	1,890,007	267,883	2,353,934	66,692
Pratt	-	573,990	135,485	709,475	33,220
Rusidill North Regional	-	2,362,808	401,832	2,764,640	53,396
Schusterman-Benson	279,445	1,276,370	197,487	1,753,302	47,846
Skiatook	63,876	432,642	118,488	615,006	27,126
South Broken Arrow	74,209	616,192	180,106	870,507	40,578
Sperry	5,426	-	-	5,426	-
Suburban Acres	-	552,099	110,435	662,534	21,157
Support Service Center	126,000	3,044,932	64,758	3,235,690	-
Zarrow Regional Library	73,699	2,075,320	247,844	2,396,863	54,322
<b>Totals</b>	<b>\$ 6,417,988</b>	<b>\$ 42,953,481</b>	<b>\$ 13,463,241</b>	<b>\$ 62,834,710</b>	<b>2,031,132</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, 2013, which collectively comprise the Library's basic financial statements and have issued our report thereon dated December 16, 2013. 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, 2013

*Stanfield & O'Sell P.C.*