

# City Council Announcements

## February 21, 2006

### A. Information Needed by Council Staff

1. Meeting requests for Council Members from individuals and groups are increasing. In an effort to assist Council staff in being able to provide Council Members sufficient information regarding each meeting request prior to scheduling, Council staff has prepared a DRAFT form that they would ask individuals/groups to fill out whenever a meeting request is made. Council staff's intent is to have a user friendly form that can be easily filled in as an electronic document ensuring a quick turn around through email or fax. **Please let Council staff know if this is a feasible option to help manage the meeting request workload and whether it will help Council Members to be better informed of the purpose of each meeting request.**
2. Audited Financial Statements of Salt Lake City Public Library – Attached is the annual financial report for the Salt Lake City Public Library. The CPA firm Hansen, Barnett & Maxwell audited these financial statements. The Library's general fund revenue exceeded budget by \$799,000 and expenditures were under budget by \$738,000 for a total increase to the Library's fund balance of \$1,537,000. **Let staff know if you have questions or would like a briefing.**

### B. For Your Information

1. Attached is a grant application submitted by the City.

# Salt Lake City Council Meeting Request Form

Given the significant number of requests to meet with Council Members and the fact that Council Members have other full-time employment, the majority of the Council has indicated that they would prefer that groups or individuals requesting meetings submit their requests in writing with enough specificity so that the Council Members can determine:

- a. Whether a public briefing on the work session agenda may be in order.
- b. Whether they would like to schedule small group meetings.
- c. Whether they would like to suggest handling the matter over the telephone.
- d. Whether further written information would be helpful.

The Council Members often find that telephone conversations can effectively take the place of meetings, while saving time for all parties. If the telephone approach would work for your issue, please let us know.

Please note that if four or more Council Members attend a meeting at the same time, the meeting becomes public and the Council Office is required by law to post an agenda for the meeting.

Please provide information requested below to help Council Members determine how best to handle your request.

1. Group/Individual making request:
2. Individuals aside from Council Members who will be joining your meeting:
3. Purpose of Meeting Request (please be specific):
  
4. Council Member(s) you wish to meet with:
5. Length of time being requested:  
 15 minutes       30 minutes       45 minutes       Other: \_\_\_\_\_
6. List meeting dates/times that you cannot meet:
  
7. Meeting Deadline:  
a) Is the meeting time sensitive?       yes       no  
b) Time sensitivity is based upon:  
Other comments/details:

# Grant Submission Update Memo

**TO:** Rocky Fluhart, Steve Fawcett, Cindy Gust-Jenson

**FROM:** Grant Acquisition Team

**DATE:** 2/17/2006

**SUBJECT:** Pre-disaster Mitigation Grant

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**FUNDING AGENCY:** FEMA. Dept. of Homeland Security

**REQUESTED AMOUNT:** \$2,420,719.09

**DEPARTMENT APPLYING:** Engineering

**COLLABORATING AGENCIES:** Leonardo Foundation

**DATE SUBMITTED:** February 14, 2006

**SPECIFICS:**

- Technical Assistance (Training)       Equipment Only
- Provides \_\_\_\_\_ FTE Position(s)
- Existing       New       Overtime       Requires Funding After Grant

Explanation: \_\_\_\_\_

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- Match Required    25%     In Kind     Cash \$808,906.39
- Computer Software Development     In House     Contract Services
- New Program (City not performing function now)

**GRANT DETAILS:**

Salt Lake City has applied for a FEMA Pre-disaster Mitigation grant to defray the costs of the seismic retrofit of the former City Library Building located at 209 East 500 South. The seismic retrofit is part of the renovation of the building for the Leonardo@Library Square.

The match will be met with funds from the \$10 million construction bond dedicated to the renovation of the structure.

**SALT LAKE CITY PUBLIC LIBRARY  
(A Component Unit of Salt Lake City Corporation)**

**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS  
AND  
FINANCIAL STATEMENTS**

**June 30, 2005**

**HANSEN, BARNETT & MAXWELL**  
A Professional Corporation  
CERTIFIED PUBLIC ACCOUNTANTS

**SALT LAKE CITY PUBLIC LIBRARY**  
**(A Component Unit of Salt Lake City Corporation)**

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# HANSEN, BARNETT & MAXWELL

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CERTIFIED PUBLIC ACCOUNTANTS

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Registered with the Public Company  
Accounting Oversight Board



## REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors  
Salt Lake City Public Library

We have audited the accompanying statement of governmental funds balance sheet and net assets of the Salt Lake City Public Library (the "Library"), a component unit of Salt Lake City Corporation, as of June 30, 2005, and the related statement of governmental funds revenues, expenditures and changes in fund balances, and activities for the year then ended. These financial statements are the responsibility of the Library's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the 2005 financial statements referred to above present fairly, in all material respects, the financial position of the Library as of June 30, 2005, and changes in its net assets and fund balances for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis and Required Supplementary Information is not a required part of the financial statements, but are supplementary information required by the Governmental Accounting Standards Board. The supplementary information is the responsibility of the Library's management. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the 2005 basic financial statements taken as a whole. The additional supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the 2005 basic financial statements. The additional supplementary information is the responsibility of the Library's management. Such additional information has been subjected to the auditing procedures applied in our audit of the 2005 financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the financial statements taken as a whole.

A handwritten signature in cursive script that reads "Hansen, Barnett &amp; Maxwell".

HANSEN, BARNETT & MAXWELL

Salt Lake City, Utah  
October 7, 2005

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2005  
(UNAUDITED)**

**Overview of the Financial Statements**

This annual report consists of three parts—management's discussion and analysis (this section), the basic financial statements, and required supplementary information and additional supplementary information. The basic financial statements include two kinds of statements that present different views of the Salt Lake City Public Library (the "Library"):

- The first three columns in the statements are fund financial statements that focus on individual parts of the Library, reporting the Library's operations in more detail than the government-wide statements.
- The last column in the statements represents the government-wide financial statements that provide both long-term and short-term information about the Library's overall financial status.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information and other supplementary information that further explains and supports the information in the financial statements. The Library is a component unit of the Salt Lake City Corporation (the "City").

**Fund Financial Statements**

The fund financial statements provide more detailed information about the Library's most significant funds. Funds are accounting devices that the Library uses to keep track of specific sources of funding and spending for particular purposes.

The Library has two kinds of funds:

- **General Fund**—This fund supports the day-to-day operations of the Library. The fund is budgeted into four basic areas: Personnel, Services, Materials, and Buildings and Grounds. Most of the Library's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed *short-term* view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Library's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or in the notes to financial statements, that explains the relationship (or differences) between them.
- **Capital Projects Fund**—Supported by a portion of property taxes and fund balance from prior years, this fund supports the City Library's capital improvements plans. Plans may include renovating or expanding existing facilities or building a new branch. Funds are also set aside to support Technology Enhancement, Vehicle Replacement, Buildings and Grounds Capital Repairs, and Contingency expenditures.

## **Government-wide Statements**

The government-wide statements report information about the Library as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the Library's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the Library's net assets and how they have changed. Net assets—the difference between the Library's assets and liabilities—is one way to measure the Library's financial health, or position.

- Over time, increases or decreases in the Library's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the Library you need to consider additional nonfinancial factors such as changes in the Library's property tax base.

## **Financial Analysis of the Library as a Whole**

### **Statement of Net Assets**

The Library's net assets increased by \$972,018 or 5.5% between fiscal years 2004 and 2005. Accounts payable and accrued liabilities decreased by \$243,246 from \$1,051,848 to \$808,602 during the year ended June 30, 2005. The construction retention account has also decreased from \$290,673 to \$102,785 as of June 30, 2005. This retention will be paid once all items are satisfactorily completed on the final punch list of the new Main Library.

Cash and investments increased by \$1,798,371 from \$3,583,161 to \$5,381,532 during the 2005 fiscal year due to excess revenues over expenditures. Taxes receivable decreased .45% or \$51,030 and delinquent taxes receivable decreased 5.3% or \$22,796.



**City Library's Net Assets**  
(in millions of dollars)

	Governmental Activities		% Change
	2004	2005	
<b>ASSETS:</b>			
Capital	\$ 16.8	\$ 15.9	(5.4)%
Other	15.5	17.2	11.0
Total assets	<u>32.3</u>	<u>33.1</u>	2.5
Total liabilities	<u>14.7</u>	<u>14.6</u>	(0.7)
 Total net assets	 <u>\$ 17.6</u>	 <u>\$ 18.5</u>	
<b>NET ASSETS:</b>			
Invested in capital assets—net of related debt	\$ 16.8	\$ 15.9	(5.4)%
Unrestricted	<u>0.8</u>	<u>2.6</u>	225.0
 TOTAL NET ASSETS	 <u>\$ 17.6</u>	 <u>\$ 18.5</u>	
 TOTAL REVENUES	 \$ 11.5	 \$ 13.5	 17.4 %
TOTAL EXPENSES	13.4	13.0	(3.0)
CHANGE IN NET ASSETS	<u>\$ 1.9</u>	<u>\$ 0.5</u>	

**Change in Net Assets**

The Library's total revenues increased 17.2% or \$1,981,242 due to a tax increase and a one time adjustment of \$243,920. The increase in revenues, net of a one time adjustment described below, was 1,737,322 or 15.1%. Property taxes resulted in an 18.0% increase of \$1,882,160. Property taxes accounted for 91.3% of total revenues received in 2005. Also, a one-time adjustment of \$243,920 for excess accumulated judgement levy funds from prior years was recorded as revenues (see Note 9 to the financial statements). Interest rates are steadily increasing (1.70% to 3.18%) and with the additional funds received from the tax increase the result was a 128.4% increase or \$64,360 in interest revenues.

Total expenses decreased 3.4% or \$458,838 to a total of \$12,984,956. Personnel costs increased 2.8% or \$209,434. Services decreased 3.7% or \$38,279. Buildings and Grounds increased 12.2% or \$125,251. Depreciation decreased \$468,799 or 13.1%.

## **Financial Analysis of the Library's Funds**

As the Library completed the year, it reported a combined fund balance of \$2.9 million, which was a 174.2% increase after a one-time adjustment of \$243,920 for excess accumulated judgement levy funds from prior years was recorded as revenues (see Note 9 to the financial statements). Included in this year's total change in the combined fund balance is an increase of \$1,537,421 in the general fund and an increase of \$306,809 in the capital projects fund.

### **General Fund Budgetary Highlights**

Actual expenditures were \$920,333 below final budgeted amounts. This was primarily due to the under spent contingency account and cost containment in personnel.

There was a positive variance of \$349,800 in personnel expenditures. Conservative merits and changes in staff resulted in a positive variance of \$198,783 in salaries and wages. Related benefits also show positive variances of \$33,607 and \$14,160 in retirement and social security. The Library's portion of employees' insurance costs was less than budgeted resulting in a positive variance of \$94,316.

The services budget had a positive variance of \$113,564. Library supplies had a negative variance of \$38,935 due to increased costs in packaging items for circulation. Programming costs had a positive variance of \$37,532. Postage had a positive variance of \$21,588 as a result of offering email notices to patrons. Conservative spending in other service budget centers resulted in a positive variance of approximately \$90,000.

Buildings and grounds had a negative variance of \$572. Equipment purchases had a negative variance of \$55,805 with the purchase of branch copiers and mailing system. This was offset by positive variances in other budget centers.

Resources available for appropriation were \$799,029 above the final budgeted amount as a result of property and other tax collections having a positive variance of \$390,409 and donations with a positive variance of \$81,041 resulting from a \$100,000 estate settlement. This available amount was reduced by negative variances in fine revenues and intergovernmental of \$4,999 and \$15,000 respectively. The one-time adjustment of \$243,920 for excess accumulated judgement levy funds from prior years will also become part of the fund balance (see Note 9 to the financial statements).

## **Capital Asset and Debt Administration**

**Capital Assets** – The Library’s capital assets decreased by approximately \$0.9 million due to depreciation of \$3.1 million. This was partially offset by the purchase of books of \$1.6 million.

### **Long-Term Debt**

The Library’s long-term debt consists of compensated absences. Upon retirement, resignation, or reduction in force and after a total of 15 years of service, an individual is entitled to be paid 25% of their accumulated sick leave. At June 30, 2005, a total of 56 employees were eligible for this sick leave buyout totaling \$242,550, an increase of \$12,421 from the previous year. One individual left employment with the Library and one additional employee was eligible during 2004-05. The other part of long-term debt is related to vacation time. The Library encourages its employees to regularly take vacation time. However, the time owing the administration and three other managers who, by the nature of their job, consistently carry vacation time at the end of each year make up this portion of the long-term debt. For 2004-05 the balance owing was \$33,401 which is a decrease of \$21,424 over last year. The cost of other employees who have vacation time owing at June 30, 2005 amounts to \$54,369 and is considered to be short-term and time is usually taken within a few months.

### **Economic Factors and Next Year’s Budgets and Rates**

The total amount of taxes assessed for the Library is determined by the certified tax rate and the assessed valuation of property. The amount of collections for the year is reduced by Relief programs, which includes the Library's portion to fund the Redevelopment Agency. In addition to current year collections, additional money is received for Real Property Delinquent Collections and Personal Property Prior Years Collections (which includes interest), and miscellaneous collections (reduced by Board Letter Refunds).

The revenue picture for 2005-06 is a bit brighter than the past five years. With the tax increase last year and an improvement in property tax revenues attributed to economic growth, the City Library System is in a more stable position for the coming year. Revenues that exceeded the original budget for 2004-05 will be added to the capital fund balance for use in 2005-06.

### **Contacting the Library’s Financial Management**

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Library’s finances and to demonstrate the Library’s accountability for the money it receives. If you have questions about this report or need additional information, contact the Salt Lake City Public Library, 210 East 400 South, Salt Lake City, Utah 84111.

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**SALT LAKE CITY PUBLIC LIBRARY**  
**(A Component Unit of Salt Lake City Corporation)**  
**STATEMENT OF GOVERNMENTAL FUNDS BALANCE SHEET AND NET ASSETS**  
**JUNE 30, 2005**

	General Fund	Capital Projects Fund	Total	Adjustments	Note 2	Statement of Net Assets
<b>ASSETS</b>						
Cash	\$ 54,518	\$ 294,091	\$ 348,609	\$ -		\$ 348,609
Investments	4,464,687	568,236	5,032,923	-		5,032,923
Taxes receivable	11,228,418	-	11,228,418	-		11,228,418
Delinquent taxes receivable	404,704	-	404,704	-		404,704
Other receivables	70,648	8,638	79,286	-		79,286
Prepays and other assets	116,920	-	116,920	-		116,920
Capital assets (Note 4):						
Land and construction in progress	-	-	-	590,554		590,554
Other capital assets, net of depreciation	-	-	-	15,325,573		15,325,573
<b>Total capital assets, net</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15,916,127</b>	<b>A</b>	<b>15,916,127</b>
<b>Total Assets</b>	<b>\$ 16,339,895</b>	<b>\$ 870,965</b>	<b>\$ 17,210,860</b>	<b>\$ 15,916,127</b>		<b>\$ 33,126,987</b>
<b>LIABILITIES</b>						
Accounts payable and accrued liabilities	\$ 638,849	\$ 169,753	\$ 808,602	\$ -		\$ 808,602
Deferred revenues:						
Deferred taxes receivable	11,228,418	-	11,228,418	-		11,228,418
Property taxes received in-advance	1,698,844	-	1,698,844	-		1,698,844
Delinquent taxes	404,704	-	404,704	-		404,704
Deferred annuity	112,720	-	112,720	-		112,720
Long-term liabilities (Note 5):						
Due within one year	54,369	-	54,369	-		54,369
Due after one year	-	-	-	275,951	<b>B</b>	275,951
<b>Total long-term liabilities</b>	<b>54,369</b>	<b>-</b>	<b>54,369</b>	<b>275,951</b>		<b>330,320</b>
<b>Total liabilities</b>	<b>\$ 14,137,904</b>	<b>\$ 169,753</b>	<b>\$ 14,307,657</b>	<b>\$ 275,951</b>		<b>\$ 14,583,608</b>
<b>FUND BALANCES/NET ASSETS</b>						
Fund balances:						
Unreserved	2,035,071	464,321	2,499,392	(2,499,392)		-
Reserved	116,920	-	116,920	(116,920)		-
Designated	50,000	236,891	286,891	(286,891)		-
<b>Total fund balances</b>	<b>2,201,991</b>	<b>701,212</b>	<b>2,903,203</b>	<b>(2,903,203)</b>		<b>-</b>
<b>Total liabilities and fund balances</b>	<b>\$ 16,339,895</b>	<b>\$ 870,965</b>	<b>\$ 17,210,860</b>			
Net assets:						
Invested in capital assets,				15,916,127	<b>A</b>	15,916,127
Unrestricted				2,627,252		2,627,252
<b>Total net assets</b>				<b>\$ 18,543,379</b>		<b>\$ 18,543,379</b>

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

**SALT LAKE CITY PUBLIC LIBRARY**  
**(A Component Unit of Salt Lake City Corporation)**  
**STATEMENT OF GOVERNMENTAL FUNDS REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCES AND ACTIVITIES**  
**YEAR ENDED JUNE 30, 2005**

	General Fund	Capital Projects Fund	Total	Adjustments	Note 2	Statement of Activities
<b>REVENUES</b>						
Property taxes	\$ 12,074,747	\$ 250,000	\$ 12,324,747	\$ -		\$ 12,324,747
Property taxes, accumulated judgement levy, prior years (Note 9)	243,920	-	243,920	-		243,920
Fines	365,001	-	365,001	-		365,001
Interest	96,837	17,650	114,487	-		114,487
Donations	201,041	-	201,041	-		201,041
Miscellaneous	208,821	42,691	251,512	-		251,512
<b>Total revenues</b>	<b>13,190,367</b>	<b>310,341</b>	<b>13,500,708</b>	<b>-</b>		<b>13,500,708</b>
<b>EXPENDITURES</b>						
Library Operations:						
Personnel	7,614,837	-	7,614,837	(9,003)	B	7,605,834
Services	1,001,436	-	1,001,436	-		1,001,436
Materials	1,701,160	-	1,701,160	(1,611,704)	C	89,456
Buildings and grounds	1,153,572	-	1,153,572	-		1,153,572
Depreciation	-	-	-	3,120,434	C	3,120,434
Capital outlay	-	185,473	185,473	(171,249)	C	14,224
<b>Total expenditures</b>	<b>11,471,005</b>	<b>185,473</b>	<b>11,656,478</b>	<b>1,328,478</b>		<b>12,984,956</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>1,719,362</b>	<b>124,868</b>	<b>1,844,230</b>	<b>(1,328,478)</b>		<b>515,752</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	181,941	181,941	(181,941)		-
Transfers out	(181,941)	-	(181,941)	181,941		-
<b>Total other financing sources (uses), net</b>	<b>(181,941)</b>	<b>181,941</b>	<b>-</b>	<b>-</b>		<b>-</b>
<b>NET CHANGE IN FUND BALANCES/NET ASSETS</b>	<b>1,537,421</b>	<b>306,809</b>	<b>1,844,230</b>	<b>(1,328,478)</b>		<b>515,752</b>
Fund Balance/Net Assets						
Beginning of year, as previously reported	664,570	394,403	1,058,973	16,512,388		17,571,361
Prior Period Adjustment (Note 8)	-	-	-	456,266		456,266
<b>Net Assets - Beginning of year (restated)</b>	<b>664,570</b>	<b>394,403</b>	<b>1,058,973</b>	<b>16,968,654</b>		<b>18,027,627</b>
<b>Net Assets - End of year</b>	<b>\$ 2,201,991</b>	<b>\$ 701,212</b>	<b>\$ 2,903,203</b>	<b>\$ 15,640,176</b>		<b>\$ 18,543,379</b>

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

**SALT LAKE CITY PUBLIC LIBRARY**  
**(A Component Unit of Salt Lake City Corporation)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2005**

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**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Reporting Entity* – The Salt Lake City Public Library (the “Library”) is legally separate from Salt Lake City Corporation (the “City”), but is financially accountable to, and a component unit of, the City. The accompanying financial statements include only the Library. The City provides cash management services for the Library. The charge for these services from the City for the year ended June 30, 2005 was \$16,209.

*Basis of Accounting* – Revenues and expenditures of the Library are recognized using the modified accrual basis of accounting for reporting fund balances. The full accrual basis of accounting is used for reporting government-wide balances.

Under the modified accrual method of accounting, revenues are recorded as the cash is received, except for (a) revenues susceptible to accrual, i.e., measurable and available, and (b) revenues received prior to the period of benefit. Revenues considered to be susceptible to accrual are taxes, interest, and intergovernmental revenue. Determination of when revenue is recognized is as follows:

- When property taxes are levied, they are measurable. They become available when they are due, as long as they are received by the Library soon enough to pay liabilities of the current period (not over 60 days after year end). Amounts that are measurable but not available are recorded as deferred revenue. Delinquent taxes are deferred until collected.
- All taxes received in the current calendar year are recognized as revenues in the budget/fiscal year ending the following June 30, as this is the period for which the taxes were levied.

Expenditures are recognized in the accounting period in which the liability is incurred.

The government-wide statements report information about the Library as a whole using the full accrual basis of accounting. The statement of net assets includes all of the Library’s assets and liabilities. All of the current year’s revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The Library follows the provisions of Governmental Accounting Standards Board (“GASB”) Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*. GASB Statement No. 33 establishes accounting and financial reporting standards regarding the timing of recognition of nonexchange transactions (i.e. property tax, grants, and private donations).

The Library follows the provisions of GASB Statement No. 34, *Basic Financial Statements-and Management’s Discussion and Analysis-for State and Local Governments*. GASB Statement No. 34 requires governmental entities to provide additional accrual-basis statements and schedules to better communicate the financial status of the governmental entity.

**Fund Accounting** – The accounts of the Library are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various governmental funds are grouped in the financial statements as follows:

**The General Fund** is used to account for all financial resources of the Library not accounted for by a separate, specialized fund.

**The Capital Projects Fund** is used to account for financial resources used for the acquisition or construction of major capital improvements and the construction of new branch libraries.

**Budgets** – The Library Board approves the Library’s overall budget. It is then submitted to the City Council for adoption and inclusion in the City’s overall budget.

The budget is prepared and adopted on or before June 15 for the fiscal year commencing the following July 1 in accordance with state law. The budget includes proposed expenditures and the proposed sources of financing for such expenditures. Prior to June 15, a public hearing is conducted to obtain taxpayers’ feedback on the budget.

The Library’s budget is adopted for each line item, but control of budget appropriations is exercised, under state law, at the Library level. Budgets can be amended to any extent by the Library Board, providing the total budgeted expenditures do not exceed total budgeted revenues and appropriated fund balance. Appropriations lapse at June 30; however, they may be reappropriated in the ensuing year’s budget. For the year ended June 30, 2005, the unrestricted Capital Projects Fund balance at the beginning of the year was budgeted as a source of funding in the Capital Projects Fund. The Library’s budget is prepared on a basis consistent with generally accepted accounting principles.

**Cash and Investments** – The Library’s investments in the State Treasurer’s Investment Pool (an external investment pool) are valued at fair value (based on the corresponding liability to pool participants) according to the provisions of GASB 31, “Accounting and Financial Reporting for Certain Investments and for External Investment Pool.” The Library adopted GASB 40, “Deposits and Investment Risk Disclosures” during the year ended June 30, 2005.

**Capital Assets** – Capital assets, which consist of land, buildings, books, and equipment, are recorded at cost when purchased or fair market value when donated. Expenditures for the acquisition, construction, or equipping of capital projects, together with related design, architectural, and engineering fees, are capitalized. The Library’s threshold for capitalization is \$5,000.

Depreciation of property and equipment is computed using the straight-line method over the following estimated useful lives:

	Years
Buildings	20-40
Improvements other than buildings	10
Books	2-7
Periodicals	20
Furniture, fixtures and equipment	3-10

No depreciation is provided on construction in progress until construction is complete and the asset is placed in service.

*Use of Estimates* – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (“GAAP”) 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual amounts could differ from those estimates.

## NOTE 2 - GOVERNMENT ACTIVITIES ADJUSTMENTS

The following adjustments have been made to the fund-based financial statements in order to present the accrual basis statements and schedules required by GASB 34.

- A. **Capital Assets** – When capital assets (land, buildings, books, equipment) that are to be used in governmental activities are purchased or constructed, the costs of those assets are reported as expenditures in governmental funds. However, the statement of net assets includes those capital assets among the assets of the Library as a whole.

Cost of capital assets	\$ 28,195,597
<u>Accumulated depreciation</u>	<u>(12,279,470)</u>
<u>Total</u>	<u>\$ 15,916,127</u>

- B. **Long-Term Liabilities** – Long-term liabilities applicable to the Library’s governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net assets. The current year increase in the long-term portion was not recorded as an expenditure in the fund balance sheet; however, it is reported on the statement of activities. Balances as of June 30, 2005 were:

<u>Compensated absences</u>	<u>\$ 275,951</u>
<u>Personnel expenditures - decrease in long term portion</u>	<u>\$ 9,003</u>



**C. Capital Expenditures and Depreciation** – When capital assets that are to be used in governmental activities are purchased or constructed, the resources expended for those assets are reported as expenditures in governmental funds. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. As a result, fund balance decreases by the amount of financial resources expended, whereas net assets decrease by the amount of depreciation expense charged for the year.

Capital outlay	\$ 171,249
Depreciation expense	3,120,434
Materials expenditures-books	1,611,704

**NOTE 3 - CASH AND INVESTMENTS**

Cash as of June 30, 2005 is comprised of:

Cash on hand	\$ 1,375
Cash deposits - net of outstanding checks	53,143
Repurchase agreements	294,091
<hr/>	
Total	\$348,609

The Library maintains funds in the City’s pooled cash and investment accounts. The Library pays the City or receives from the City an allocation of interest expense or income based upon its relative balance in the pooled accounts.

**Deposits** – The Library’s policy for depository funds follows State law which requires that funds be deposited with a “qualified depository” as defined by the Utah Money Management Act. A “qualified depository” includes any depository institution which has been certified by the Utah State Commissioner of Financial Institutions as having met the requirements as defined in Rule 11 of the Utah Money Management Act. Rule 11 establishes the formula for determining the amount of public funds which a qualified institution must maintain to be eligible to accept public funds. The bank balance of deposits as of June 30, 2005 was \$56,780 which was fully insured by federal depository insurance.

**Deposit Custodial Credit Risk** – Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. The State of Utah does not require collateral on deposits.

**Investments** – The Library’s investment policies are governed by state statutes under which a variety of investments can be purchased. However, the Library has placed most of its investments in the Utah State Treasurer’s Investment Pool, a pooled investment account, that had a market value which approximates fair value, at year end equal to the carrying amount of \$5,032,923. The degree of risk associated with the investments held by the Utah State Treasurer’s Investment Pool depends upon the underlying portfolio and therefore, these amounts are not categorized according to risk. The Library holds a 5% retention payable account of \$102,785 related to construction of the new main library, which was funded by bond proceeds. The cash is invested in the Utah State Treasurer’s Investment Pool and will remain there until all items are satisfactorily completed on the final punch list. The Library has sweep accounts which are invested in repurchase agreements

in the amount of \$294,091, a category 2 investment (uninsured and unregistered investments for which the securities are held by the counterparty's trust department in the City's name).

**Investment Interest Rate Risk** – The Library does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**NOTE 4 - CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2005 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>GOVERNMENTAL ACTIVITIES</b>				
Capital assets not being depreciated - land	\$ 590,554	\$ -	\$ -	\$ 590,554
Other capital assets:				
Buildings and improvements	8,127,288	40,332	-	8,167,620
Improvements other than buildings	317,116	-	-	317,116
Books	10,443,610	1,611,704	(1,263,636)	10,791,678
Furniture, fixtures and equipment	8,246,910	130,917	(49,198)	8,328,629
Total other capital assets at historical cost	27,134,924	1,782,953	(1,312,834)	27,605,043
Less accumulated depreciation for:				
Buildings and improvements	(2,233,744)	(402,651)	-	(2,636,395)
Improvements other than buildings	(227,366)	(15,974)	-	(243,340)
Books	(4,979,879)	(1,672,470)	1,263,636	(5,388,713)
Furniture, fixtures and equipment	(3,030,881)	(1,029,339)	49,198	(4,011,022)
Total accumulated depreciation	(10,471,870)	(3,120,434)	1,312,834	(12,279,470)
Other capital assets, net	16,663,054	(1,337,481)	-	15,325,573
Governmental activities capital assets, net	\$ 17,253,608	\$ (1,337,481)	\$ -	\$ 15,916,127

In October 1999, the City issued general obligation bonds for \$81,000,000 principally for the purpose of building a new main library facility as well as providing funds for other capital improvements. Capitalization and depreciation of the new main library are recorded on the City's financial statements to correspond with the related debt obligation.

**NOTE 5 - LONG-TERM LIABILITIES**

Long-term liability in governmental activities for the year ended June 30, 2005 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
<b>GOVERNMENTAL ACTIVITIES</b>					
Other liabilities-					
Compensated absences	\$ 332,253	\$ -	\$ (1,933)	\$ 330,320	\$ 54,369

If an employee has worked for the Library over 15 years and subsequently retires, resigns, or leaves due to a reduction in force, they are reimbursed for 25 percent of unused accumulated sick leave up to the maximum of 135 days. Vacation leave and the portion of sick leave that will eventually be paid are recognized as liabilities at year end.

## NOTE 6 - DESIGNATED FUND BALANCE

As of June 30, 2005, the Library has designated \$70,000 of the Capital Projects Fund balance for vehicle replacement, \$10,000 of the Capital Projects Fund balance for computer replacement and \$50,000 of the Capital Projects Fund balance for the parking garage repairs and improvements. In addition, the Library received \$106,891 as part of a litigation settlement which is designated in the Capital Projects Fund for the removal of asbestos. Also the Library has designated \$50,000 of the General Fund for the programming endowment fund. These fund balance designations of \$286,891 are segregated in total on the Statement of Governmental Funds Balance Sheet and Net Assets.

## NOTE 7 - BENEFIT PLANS

**Pension Plan** – The Library contributes to the Local Governmental Noncontributory Retirement System, which is a cost-sharing multiple-employer defined benefit pension plan administered by the Utah State Retirement Systems (“Systems”). The Systems provide retirement benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries in accordance with retirement statutes.

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953, as amended. The United States Retirement Office Act in Chapter 49 provides for the administration of the Utah Retirement Systems and Plans under the direction of the Utah State Retirement Board (“Board”) whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the Local Governmental Noncontributory Retirement System. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, Utah 84102 or by calling 1-800-365-8772.

**Funding Policy** – In the Local Government Noncontributory Retirement System, the Library is required to contribute 11.09% of its annual covered salary. The contribution rates are the actuarially determined rates. The contribution requirements of the Systems are authorized by statute and specified by the Board.

Prior to 2003, the assets of the plans were not segregated by entity. Therefore, it was not possible to determine the portion of the contribution that was applicable to each entity.

In 2003, the Library’s plan assets and contributions began to be reported separately. The Library incurred \$506,288 and \$448,844 of expense under the Pension Plan for the years ended June 30, 2005 and 2004 respectively.

**401(k) and 457 Deferred Compensation Plans** – The Library also participates in two deferred compensation plans established under Internal Revenue Code Section 401(k) (the “401(k) Plan”) and Section 457 (the “457 Plan”). Employees covered by any of the Utah State Retirement plans are eligible to participate. The Utah Retirement Systems administers these plans. The Library contributes 2.65% of base payroll or 1.4% of base payroll to the 401(k) plan for employees hired before 1987 who changed from the contributory plan to the noncontributory plan. Neither the 401(k) Plan assets nor the 457 Plan assets are available to the Library or its general creditors. Therefore, no assets or liabilities of either plan are reflected in the Library’s balance sheet. The Library incurred \$40,507 of expense under the 401(k) plan and employees contributed approximately \$264,000 to the 401(k) and 457 Plan for the year ended June 30, 2005.

**Other** – The Library participates in a post-employment benefit plan for retired employees. In addition to providing pension benefits as discussed above, the Library makes available health care benefits for retired Library employees. Library employees may become eligible for those benefits at retirement from the Library. Although not statutorily required nor contractually obligated, the Library has for many years made available health coverage for retired employees. These benefits are expensed when paid and are financed on a pay-as-you-go basis. As of June 30, 2005, there were thirteen Library participants in this program.

Depending on the plan, the retired employees contribute 0% to 75% of the cost of the insurance premiums and the Library contributes 25% to 100%. The retired employees over age 65 can have amounts withheld from their retirement checks by the Utah State Retirement System to cover their cost of premiums. The cost of retiree health care benefits for the year ended June 30, 2005 was approximately \$45,000 of which the Library's expense was \$19,849 relating to the Library's thirteen participants.

#### **NOTE 8 – RESTATEMENT OF BEGINNING NET ASSETS**

Subsequent to the issuance of the Library's financial statements for the year ended June 30, 2004, the Library's management determined that \$466,455 of excess depreciation was recorded to Books and \$10,189 of depreciation was not recorded to Furniture, Fixtures and Equipment as a result of a clerical error. As a result, these amounts have been restated for capital assets and net assets as of June 30, 2004 for \$456,266.

#### **NOTE 9 – CHANGE IN ESTIMATE**

During the year ended June 30, 2005, the Library's management in consultation with the deputy Salt Lake County Auditor determined that the overpayments from collection of judgement levy revenues that were being held as a liability would not need to be repaid. The Library recorded \$243,920 in income as property taxes, accumulated judgement levy, prior years during the year ended June 30, 2005 as a change in estimate and relieved the liability.

**SALT LAKE CITY PUBLIC LIBRARY**

**SUPPLEMENTAL SCHEDULE 1-  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES-BUDGET AND ACTUAL-GENERAL FUND  
YEAR ENDED JUNE 30, 2005**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property taxes	\$ 11,684,338	\$ 11,684,338	\$ 12,074,747	\$ 390,409
Property taxes, accumulated judgement levy, prior years (Note 9)	-	-	243,920	243,920
Fines	370,000	370,000	365,001	(4,999)
Intergovernmental	15,000	15,000		(15,000)
Interest	40,000	40,000	96,837	56,837
Donations	120,000	120,000	201,041	81,041
Miscellaneous	162,000	162,000	208,821	46,821
<b>Total revenues</b>	<b>12,391,338</b>	<b>12,391,338</b>	<b>13,190,367</b>	<b>799,029</b>
<b>EXPENDITURES</b>				
Personnel	7,964,637	7,964,637	7,614,837	349,800
Services	1,115,000	1,115,000	1,001,436	113,564
Materials	1,858,701	1,858,701	1,701,160	157,541
Buildings and grounds	1,153,000	1,153,000	1,153,572	(572)
Contingency	300,000	300,000	-	300,000
<b>Total expenditures</b>	<b>12,391,338</b>	<b>12,391,338</b>	<b>11,471,005</b>	<b>920,333</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>				
	-	-	1,719,362	1,719,362
<b>OTHER FINANCING USES</b>				
Transfers out	-	-	(181,941)	(181,941)
<b>Total other financing uses</b>	<b>-</b>	<b>-</b>	<b>(181,941)</b>	<b>(181,941)</b>
<b>NET CHANGE IN FUND BALANCE</b>				
	-	-	1,537,421	1,537,421
<b>Fund balance</b>				
Beginning of year, as previously reported	664,570	664,570	664,570	-
End of year	\$ 664,570	\$ 664,570	\$ 2,201,991	\$ 1,537,421

**Note-**The Library does not record encumbrances for equipment and supplies ordered but not received in the year the orders are placed for budgetary purposes, rather they report them in the year they are received. Therefore, the actual budgetary basis amounts do not differ from GAAP reporting.

SALT LAKE CITY PUBLIC LIBRARY

SUPPLEMENTAL SCHEDULE 2-UNAUDITED  
 ADDITIONAL SUPPLEMENTARY INFORMATION  
 GENERAL FUND SCHEDULE OF EXPENDITURES-BUDGET TO ACTUAL  
 YEAR ENDED JUNE 30, 2005

	Final Budget	Actual	Variance Positive (Negative)
<b>PERSONNEL</b>			
Salaries and wages	\$ 6,309,000	\$ 6,110,217	\$ 198,783
Employees' insurance	585,000	490,684	94,316
Social security	466,235	452,075	14,160
Retirement	580,402	546,795	33,607
State unemployment compensation	15,000	5,374	9,626
Other/Utah Transit Authority	9,000	9,692	(692)
Total personnel	7,964,637	7,614,837	349,800
<b>SERVICES</b>			
Cataloging charges	80,000	62,233	17,767
City administrative charge	27,000	16,209	10,791
Copier/printer supplies	80,000	71,857	8,143
Insurance	200,000	190,698	9,302
Library supplies	135,000	173,935	(38,935)
Office supplies	16,000	18,763	(2,763)
Payroll processing charges	15,000	11,997	3,003
Postage	115,000	93,412	21,588
Professional and technical	36,000	31,434	4,566
Professional and technical/attorney	5,000	5,464	(464)
Programming	150,000	112,468	37,532
Publicity	60,000	47,829	12,171
Staff training and development	25,000	10,964	14,036
Sundry expense	25,000	19,393	5,607
Telephone	125,000	113,715	11,285
Travel	21,000	21,065	(65)
Total services	1,115,000	1,001,436	113,564

(Continued)

SALT LAKE CITY PUBLIC LIBRARY

SUPPLEMENTAL SCHEDULE 2-UNAUDITED  
 ADDITIONAL SUPPLEMENTARY INFORMATION  
 GENERAL FUND SCHEDULE OF EXPENDITURES-BUDGET TO ACTUAL  
 YEAR ENDED JUNE 30, 2005

	Final Budget	Actual	Variance Positive (Negative)
<b>MATERIALS</b>			
Binding	6,000	2,440	3,560
Books and reference sources	1,065,201	907,350	157,851
CD-Roms/circulating	3,000	3,228	(228)
Computer reference sources	63,000	85,555	(22,555)
Fee-based reference services	1,000	789	211
Maps	500	672	(172)
Periodicals	120,000	100,396	19,604
Sound recordings	300,000	295,937	4,063
Visual recordings	300,000	304,793	(4,793)
Total materials	1,858,701	1,701,160	157,541
<b>BUILDINGS AND GROUNDS</b>			
Buildings-maintenance	150,000	182,669	(32,669)
Equipment-maintenance	50,000	50,556	(556)
Buildings and equipment-contract services	305,000	237,647	67,353
Building security	145,000	130,848	14,152
Equipment purchases	25,000	80,805	(55,805)
Heating and fuel	115,000	97,028	17,972
Lights and power	310,000	325,494	(15,494)
Motor equipment-service and maintenance	6,000	8,859	(2,859)
Rent-property and equipment	7,000	3,068	3,932
Water	40,000	36,598	3,402
Total buildings and grounds	1,153,000	1,153,572	(572)
<b>CONTINGENCY</b>	300,000		300,000
<b>Total expenditures</b>	\$ 12,391,338	\$ 11,471,005	\$ 920,333

(Concluded)

SALT LAKE CITY PUBLIC LIBRARY

SUPPLEMENTAL SCHEDULE 3-UNAUDITED  
 ADDITIONAL SUPPLEMENTARY INFORMATION  
 CAPITAL PROJECTS FUND SCHEDULE OF EXPENDITURES-BUDGET TO ACTUAL  
 YEAR ENDED JUNE 30, 2005

	Final Budget	Actual	Variance Positive (Negative)
Capital projects/branch building fund			
Main Library	\$ 50,000	\$ 91,422	\$ (41,422)
Branch building fund	200,000		200,000
Technology enhancement			
Systems replacement fund	150,000	84,814	65,186
Vehicle replacement fund	10,000		10,000
Buildings and grounds			
Capital repairs	80,000	9,237	70,763
Prior year/contingency	65,000		65,000
<b>Total capital expenditures</b>	<b>\$ 555,000</b>	<b>\$ 185,473</b>	<b>\$ 369,527</b>