

Metropolitan Library Commission of Oklahoma County

Financial Statements

June 30, 2023 and 2022

(With Independent Auditors' Report Thereon)



**METROPOLITAN LIBRARY COMMISSION OF
OKLAHOMA COUNTY**

FINANCIAL STATEMENTS

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**METROPOLITAN LIBRARY COMMISSION OF
OKLAHOMA COUNTY**

FINANCIAL STATEMENTS

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INDEPENDENT AUDITORS' REPORT

To the Commissioners
Metropolitan Library Commission of
Oklahoma County

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Metropolitan Library Commission of Oklahoma County (the "Library"), as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Library as of June 30, 2023 and 2022, 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.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Library and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

(Continued)

INDEPENDENT AUDITORS' REPORT, CONTINUED

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Library's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Library's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Library's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

(Continued)

INDEPENDENT AUDITORS' REPORT, CONTINUED

Required Supplementary Information

Accounting principles generally accepted in the United States require that the management's discussion and analysis on pages I-1 through I-7, the budgetary comparison schedule—General Fund (unaudited), the schedule of changes in net pension liability—defined benefit pension plan, the schedule of net pension liability—defined benefit pension plan, the schedule of contributions from employer—defined benefit pension plan, the schedule of investment returns—defined benefit pension plan, the notes to the required supplementary information, and the schedule of changes in the total OPEB liability and related ratios on pages 64 through 72 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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, 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 audits 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 29, 2023, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Library's 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.



Shawnee, Oklahoma
November 29, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis of the financial performance of the Metropolitan Library Commission of Oklahoma County (the "Library") provides an overall review of the Library's financial condition and results of operations for the fiscal years ended June 30, 2023 and 2022. Readers should read this information in conjunction with the Library's financial statements.

FINANCIAL HIGHLIGHTS

For the year ended June 30, 2023, the Library's General Fund reported an ending balance of \$45,458,310 versus \$37,696,785 for the year ended June 30, 2022. The comparison reflects an increase of \$7,761,525, or 20.6%, of the June 30, 2022, General Fund ending fund balance. Of the June 30, 2023 and 2022, year-end totals, \$16,308,687 and \$13,038,384, respectively, was unassigned, indicating that none of this amount had been restricted, committed, or assigned to specific purposes within the General Fund. For the year ended June 30, 2023, \$28,999,967 of the balance was assigned, with \$20,835,967 assigned to capital improvement projects and \$8,164,000 assigned to cash flow requirements. For the year ended June 30, 2022, \$24,534,259 of the balance was assigned, with \$16,452,259 assigned to Library capital improvement projects and \$8,082,000 assigned to cash flow requirements. Nonspendable totals for the years ended June 30, 2023 and 2022, were \$149,656 and \$124,142, respectively.

Over the years, the Library administration, with the approval of the Board of Commissioners, has prudently used or committed the money from the assigned fund balances to alleviate summer cash flow problems and provide funds for capital improvement projects. The Library does not have legal authority to raise tax dollars for capital improvement projects through bond issues as most other local government entities do. Therefore, the money in the assigned fund balances provides opportunities for the Library to improve and maintain its facilities.

In compliance with Governmental Accounting Standards Board Statement (GASB) No. 68, the Library recognized a net pension liability of approximately \$3,470,000, \$4,449,000, and \$2,833,000 at June 30, 2023, 2022, and 2021, respectively.

In compliance with GASB Statement No. 75, the Library recognized a net other postemployment benefit (OPEB) liability of approximately \$2,036,000, \$2,019,000, and \$1,224,000 at June 30, 2023, 2022, and 2021, respectively.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts—management's discussion and analysis, the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the Library:

The first statements are *government-wide financial statements* that provide information about the Library's overall financial status.

The remaining 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED

OVERVIEW OF THE FINANCIAL STATEMENTS, CONTINUED

The Library has three kinds of funds—governmental funds, proprietary funds, and fiduciary funds.

Governmental funds encompass two funds: the General Fund and the Gifts and Grants Fund.

General Fund: Represents unrestricted resources that are available for ongoing general library operations. This is the Library's primary operating fund. It includes income from special services, such as copy services, lost book fees, overdue fines, and other miscellaneous services.

Gifts and Grants Fund: Includes all gifts and grants. Gifts and grants include funds provided by intergovernmental grants and other third parties' gifts and grants. All of these funds are generally restricted as to use. Therefore, each fund accounts for its receipts and disbursements of the restricted functions.

The proprietary fund is the Library's insurance fund, an internal service fund. The insurance fund is used to maintain the Library's health and dental self-insurance plan.

Fiduciary funds are reported in the fiduciary fund financial statements but are excluded from government-wide reporting. They include the Pension Fund, the Flex Benefit Fund, and the Defined Contribution Fund. Fiduciary fund financial statements report assets that cannot be used to fund the Library's general operations.

Notes to the Financial Statements

The accompanying notes to the financial statements provide information essential to a full understanding of the Library's financial statements.

Supplementary Information

In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information, such as a comparative statement between budgeted and actual resources and appropriations, and the schedule of funding progress for the defined benefit pension plan.

MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED

THE LIBRARY AS A WHOLE

	<u>2023</u>	<u>2022</u>	<u>2021</u>
<i>Statements of Net Position</i>			
Assets:			
Current	\$ 52,000,099	44,269,842	40,319,081
Capital assets, net	<u>14,664,398</u>	<u>14,914,539</u>	<u>14,178,845</u>
Total assets	<u>66,664,497</u>	<u>59,184,381</u>	<u>54,497,926</u>
Deferred outflows of resources related to the pension plan and OPEB	<u>3,724,294</u>	<u>5,157,754</u>	<u>4,127,529</u>
Liabilities:			
Current	2,961,415	3,105,856	4,052,797
Net pension liability	3,470,109	4,449,026	2,832,591
Total OPEB liability	<u>2,036,300</u>	<u>2,018,659</u>	<u>1,223,719</u>
Total liabilities	<u>8,467,824</u>	<u>9,573,541</u>	<u>8,109,107</u>
Deferred inflows of resources related to the pension plan and OPEB	<u>1,760,504</u>	<u>2,122,120</u>	<u>3,056,692</u>
Net position:			
Net investment in capital assets	14,664,398	14,914,539	14,178,845
Restricted	227,537	268,227	203,358
Unrestricted	<u>45,268,529</u>	<u>37,463,708</u>	<u>33,077,453</u>
Total net position	<u>\$ 60,160,464</u>	<u>52,646,474</u>	<u>47,459,656</u>
<i>Changes in Net Position</i>			
Beginning net position	\$ <u>52,646,474</u>	<u>47,459,656</u>	<u>46,245,236</u>
Revenues:			
Property taxes	45,994,890	43,023,250	42,610,857
State aid	198,514	203,492	203,135
Charges for services	3,820,651	3,757,339	4,026,239
Operating grants and contributions	153,319	366,622	1,046,630
Loss from disposals, net	(14,299)	(168,998)	(42,315)
Investment earnings (losses), net	1,476,268	81,102	(14,260)
Other	7,901	(10,032)	-
Total revenues	<u>51,637,244</u>	<u>47,252,775</u>	<u>47,830,286</u>
Expenses:			
Public library services	26,491,260	24,744,716	29,477,660
Administrative services	12,409,677	12,130,304	11,977,258
Depreciation—unallocated	<u>5,222,317</u>	<u>5,190,937</u>	<u>5,160,948</u>
Total expenses	<u>44,123,254</u>	<u>42,065,957</u>	<u>46,615,866</u>
Changes in net position	<u>7,513,990</u>	<u>5,186,818</u>	<u>1,214,420</u>
Ending net position	<u>\$ 60,160,464</u>	<u>52,646,474</u>	<u>47,459,656</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED

FINANCIAL ANALYSIS OF THE LIBRARY'S FUNDS

As financial information is accumulated on a continuous and consistent basis, financial statements and expenditure reports for governmental funds are presented to the Board of Commissioners each month for its acknowledgement.

For the years ended June 30, governmental fund balances changed as follows:

	General <u>Fund</u>	Gifts and Grants <u>Fund</u>	Total Governmental
<u>2023</u>			
Revenues	\$ 47,741,267	152,851	47,894,118
Expenditures	<u>(39,979,742)</u>	<u>(193,541)</u>	<u>(40,173,283)</u>
Net increase	<u>\$ 7,761,525</u>	<u>(40,690)</u>	<u>7,720,835</u>
<u>2022</u>			
Revenues	\$ 43,264,371	256,622	43,520,993
Expenditures	<u>(38,447,376)</u>	<u>(191,753)</u>	<u>(38,639,129)</u>
Net increase	<u>\$ 4,816,995</u>	<u>64,869</u>	<u>4,881,864</u>
<u>2021</u>			
Revenues	\$ 42,433,043	1,046,630	43,479,673
Expenditures	<u>(41,015,562)</u>	<u>(1,097,302)</u>	<u>(42,112,864)</u>
Net increase (decrease)	<u>\$ 1,417,481</u>	<u>(50,672)</u>	<u>1,366,809</u>

MANAGEMENT’S DISCUSSION AND ANALYSIS, CONTINUED

FINANCIAL ANALYSIS OF THE LIBRARY’S FUNDS, CONTINUED

General Fund

The Library is primarily funded by a 5.2 mill ad valorem (property) tax. For the year ended June 30, 2023, the Oklahoma County’s assessed property value had an increase of 6.8% versus 2.6% for the year ended June 30, 2022. Actual tax collections increased 7.0% for the year ended June 30, 2023, over the year ended June 30, 2022, as compared to a 2.6% increase in the year ended June 30, 2022, over the previous year. Investment income for the Library increased to a net gain of \$1,469,050 in the year ended June 30, 2023, from \$79,714 in investment income in the year ended June 30, 2022. The increase was primarily due to favorable market performance during the year ended June 30, 2023.

Major expenditure categories increased in 2023 from 2022, showing an overall increase of \$1,532,366, or 4.0%. Within categories, personnel services increased 9.8% compared to the previous year’s decrease of (12.0)%. Maintenance and operations expenses increased, totaling a 10.6% change. Capital outlays decreased (16.1)%.

Gifts and Grants Fund

During the years ended June 30, 2023 and 2022, \$152,851 and \$256,622, respectively, of gifts and grants funds were received. For the year ended June 30, 2023, the largest contributor was the Library Endowment Trust, which gave 9 grants totaling \$97,000. For the year ended June 30, 2022, the largest contributor was the Friends of the Metropolitan Library System (the “Friends”), which gave 5 grants totaling \$146,000.

Proprietary Fund

	<u>Insurance Fund</u>		
	<u>2023</u>	<u>2022</u>	<u>2021</u>
Revenues	\$ 3,241,152	3,393,120	3,742,469
Expenses	<u>(3,576,883)</u>	<u>(3,805,631)</u>	<u>(4,069,353)</u>
Net (decrease)	<u>\$ (335,731)</u>	<u>(412,511)</u>	<u>(326,884)</u>

The total insurance premium contributed by both the employer and the employees to this fund was \$3,188,746 in the year ended June 30, 2023, versus \$3,275,297 and \$3,608,727 in the years ended June 30, 2022 and 2021, respectively. Claims expense for 2023 was \$3,576,883 compared to \$3,805,631 and \$4,069,353 for 2022 and 2021, respectively.

MANAGEMENT’S DISCUSSION AND ANALYSIS, CONTINUED

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund budget for the year ended June 30, 2023, was \$79,334,204, an increase of \$7,495,513, or 10.4%, over the June 30, 2022, budget of \$71,838,691. The biggest contributors to the increase in the year ended June 30, 2023, budget over the previous year was an increase in carryover fund balances and available property tax revenues for appropriation.

Actual results compared to budgeted results were as follows:

	<u>Budgeted</u>	<u>Actual on a Budgeted Basis</u>
<u>2023</u>		
Revenues	\$ 41,545,947	47,701,315
Expenditures	\$ 50,334,237	39,969,747
<u>2022</u>		
Revenues	\$ 38,935,498	43,038,780
Expenditures	\$ 47,304,431	39,342,759
<u>2021</u>		
Revenues	\$ 38,093,700	42,077,681
Expenditures	\$ 48,102,210	39,801,340

CAPITAL ASSETS AND LONG-TERM DEBT

The Library’s investment in depreciable capital assets, net of accumulated depreciation, at June 30, 2023 and 2022, was \$14,391,272 and \$14,641,413, respectively. Of the total depreciable capital assets at June 30, 2023, 31.5% consisted of furniture, equipment, vehicles, and buildings, while the remaining 68.5% consisted of books and materials. Of the total depreciable capital assets at June 30, 2022, 32.6% consisted of furniture, equipment, vehicles, and buildings, while the remaining 67.4% consisted of books and materials. Nondepreciable assets at both June 30, 2023 and 2022, represented land owned by the Library in the amount of \$273,126.

The Library has no long-term debt.

MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED

ECONOMIC ENVIRONMENT AND NEXT YEAR'S BUDGET

The Library's primary revenue is ad valorem (property) tax. Barring a voter-approved change in the mill levy, the annual growth in the Oklahoma County's property values is the most important factor in the Library's revenue outlook. Currently, the Library collects 5.2 mills of the assessed property values. With voters' approval, the number of mills could increase to 6.00 mills.

In general, the Library expects an incremental growth in the tax revenue for the next year. The Oklahoma County Assessor has certified a 7.4% growth in property values for the fiscal year ended June 30, 2024, as opposed to 6.8% in the year ended June 30, 2023. Investment income is expected to be neutral. Real estate prices are rising as new construction and population growth continue, so the Library expects continued incremental growth in revenue for the foreseeable future.

For the year ended June 30, 2024, the Board of Commissioners has approved a General Fund budget of \$89,724,509 versus \$79,334,203 for the year ended June 30, 2023. Of the total budget amount for the year ended June 30, 2024, \$60,304,542 was for operating costs, \$420,000 was for capital projects, and \$28,999,967 was for other assigned funds. Of the total budget amount for the year ended June 30, 2023, \$49,722,236 is for operating costs, \$612,000 is for capital projects, and \$28,999,967 is for other assigned funds.

CONTACTING THE LIBRARY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Metropolitan Library Commission of Oklahoma County, comply with finance-related laws and regulations, and demonstrate the Library's commitment to public accountability. If you have any questions about this report or would like to request additional information, contact the Library's Business Office at 300 Park Avenue, Oklahoma City, OK 73102.

**METROPOLITAN LIBRARY COMMISSION OF
OKLAHOMA COUNTY**

STATEMENTS OF NET POSITION—GOVERNMENT-WIDE

<i>June 30,</i>	<i>2023</i>	<i>2022</i>
Assets and Deferred Outflows of Resources		
Current assets:		
Cash and cash equivalents	\$ 3,009,824	4,690,996
Investments	45,901,827	37,054,979
Ad valorem taxes receivable, net of allowance for uncollectible taxes of \$858,303 and \$941,839 for June 30, 2023 and 2022, respectively	2,802,965	2,248,472
Accounts receivable	135,827	151,253
Prepaid expenses	149,656	124,142
Total current assets	<u>52,000,099</u>	<u>44,269,842</u>
Noncurrent assets:		
Nondepreciable capital assets	273,126	273,126
Depreciable capital assets, net	14,391,272	14,641,413
Total noncurrent assets	<u>14,664,398</u>	<u>14,914,539</u>
Total assets	<u>66,664,497</u>	<u>59,184,381</u>
Deferred outflows of resources:		
Deferred amounts related to the pension plan and OPEB	<u>3,724,294</u>	<u>5,157,754</u>
Liabilities and Deferred Inflows of Resources		
Current liabilities:		
Accounts payable and accrued expenses	2,075,886	2,247,006
Compensated absences payable	885,529	858,850
Total current liabilities	<u>2,961,415</u>	<u>3,105,856</u>
Noncurrent liabilities:		
Net pension liability—amount due in more than 1 year	3,470,108	4,449,026
Total OPEB liability—amount due in more than 1 year	<u>2,036,300</u>	<u>2,018,659</u>
Total liabilities	<u>8,467,823</u>	<u>9,573,541</u>
Deferred inflows of resources:		
Deferred amounts related to the pension plan and OPEB	<u>1,760,504</u>	<u>2,122,120</u>
Net Position		
Net investment in capital assets	14,664,398	14,914,539
Restricted	227,537	268,227
Unrestricted	45,268,529	37,463,708
Total net position	<u>\$ 60,160,464</u>	<u>52,646,474</u>

See Independent Auditors' Report.
See accompanying notes to financial statements.

**METROPOLITAN LIBRARY COMMISSION OF
OKLAHOMA COUNTY**

STATEMENTS OF ACTIVITIES—GOVERNMENT-WIDE

Year Ended June 30, 2023

	<u>Expenses</u>	<u>Revenues</u>			<u>Net (Expenses) Revenues/ Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Government activities:					
Public library services	\$ (26,491,260)	403,001	153,319	-	(25,934,940)
Administrative services	(12,409,677)	3,417,650	-	-	(8,992,027)
Depreciation—unallocated	<u>(5,222,317)</u>	-	-	-	<u>(5,222,317)</u>
	<u>\$ (44,123,254)</u>	<u>3,820,651</u>	<u>153,319</u>	<u>-</u>	<u>(40,149,284)</u>
General revenues:					
Property taxes, levied for general purposes					45,994,890
State aid					198,514
Loss on disposals of capital assets					(14,299)
Investment income, net					1,476,268
Other					<u>7,901</u>
Total general revenues					<u>47,663,274</u>
Changes in net position					7,513,990
Net position, beginning of year					<u>52,646,474</u>
Net position, end of year					<u>\$ 60,160,464</u>

See Independent Auditors' Report.
See accompanying notes to financial statements.

**METROPOLITAN LIBRARY COMMISSION OF
OKLAHOMA COUNTY**

STATEMENTS OF ACTIVITIES—GOVERNMENT-WIDE, CONTINUED

Year Ended June 30, 2022

	<u>Expenses</u>	<u>Revenues</u>			<u>Net (Expenses) Revenues/ Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Government activities:					
Public library services	\$ (24,744,716)	274,523	366,622	-	(24,103,571)
Administrative services	(12,130,304)	3,482,816	-	-	(8,647,488)
Depreciation—unallocated	(5,190,937)	-	-	-	(5,190,937)
	<u>\$ (42,065,957)</u>	<u>3,757,339</u>	<u>366,622</u>	<u>-</u>	<u>(37,941,996)</u>
General revenues:					
Property taxes, levied for general purposes					43,023,250
State aid					203,492
Loss on disposals of capital assets					(168,998)
Investment income, net					81,102
Other					(10,032)
Total general revenues					<u>43,128,814</u>
Changes in net position					5,186,818
Net position, beginning of year					<u>47,459,656</u>
Net position, end of year					<u>\$ 52,646,474</u>

See Independent Auditors' Report.
See accompanying notes to financial statements.

**METROPOLITAN LIBRARY COMMISSION OF
OKLAHOMA COUNTY**

BALANCE SHEETS—GOVERNMENTAL FUNDS

June 30, 2023

	<u>General Fund</u>	<u>Gifts and Grants Fund</u>	<u>Total Governmental Funds</u>
Assets			
Cash	\$ 700,132	239,284	939,416
Investments	45,901,827	-	45,901,827
Ad valorem taxes receivable, net of allowance	2,802,965	-	2,802,965
Accounts receivable	7,749	-	7,749
Prepaid expenses	<u>149,656</u>	<u>-</u>	<u>149,656</u>
 Total assets	 <u>\$ 49,562,329</u>	 <u>239,284</u>	 <u>49,801,613</u>
Liabilities, Deferred Inflows of Resources,			
Liabilities:			
Accounts payable	\$ 510,415	11,747	522,162
Accrued salaries	<u>1,241,039</u>	<u>-</u>	<u>1,241,039</u>
Total liabilities	<u>1,751,454</u>	<u>11,747</u>	<u>1,763,201</u>
Deferred inflows of resources:			
Accrued property taxes not available	<u>2,352,565</u>	<u>-</u>	<u>2,352,565</u>
 Total liabilities and deferred inflows of resources	 <u>4,104,019</u>	 <u>11,747</u>	 <u>4,115,766</u>
Fund balances:			
Nonspendable	149,656	-	149,656
Restricted	-	227,537	227,537
Assigned	28,999,967	-	28,999,967
Unassigned	<u>16,308,687</u>	<u>-</u>	<u>16,308,687</u>
Total fund balances	<u>45,458,310</u>	<u>227,537</u>	<u>45,685,847</u>
 Total liabilities, deferred inflows of resources, and fund balances	 <u>\$ 49,562,329</u>	 <u>239,284</u>	 <u>49,801,613</u>

See Independent Auditors' Report.
See accompanying notes to financial statements.

**METROPOLITAN LIBRARY COMMISSION OF
OKLAHOMA COUNTY**

BALANCE SHEETS—GOVERNMENTAL FUNDS, CONTINUED

June 30, 2022

	General Fund	Gifts and Grants Fund	Total Governmental Funds
Assets			
Cash	\$ 1,840,926	268,679	2,109,605
Investments	37,054,979	-	37,054,979
Ad valorem taxes receivable, net of allowance	2,248,472	-	2,248,472
Accounts receivable	6,016	200	6,216
Prepaid expenses	124,142	-	124,142
	<u>41,274,535</u>	<u>268,879</u>	<u>41,543,414</u>
Total assets	<u>\$ 41,274,535</u>	<u>268,879</u>	<u>41,543,414</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities:			
Accounts payable	\$ 682,876	652	683,528
Accrued salaries	1,058,583	-	1,058,583
Total liabilities	<u>1,741,459</u>	<u>652</u>	<u>1,742,111</u>
Deferred inflows of resources:			
Accrued property taxes not available for spending	1,836,291	-	1,836,291
	<u>3,577,750</u>	<u>652</u>	<u>3,578,402</u>
Total liabilities and deferred inflows of resources	<u>3,577,750</u>	<u>652</u>	<u>3,578,402</u>
Fund balances:			
Nonspendable	124,142	-	124,142
Restricted	-	268,227	268,227
Assigned	24,534,259	-	24,534,259
Unassigned	13,038,384	-	13,038,384
Total fund balances	<u>37,696,785</u>	<u>268,227</u>	<u>37,965,012</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 41,274,535</u>	<u>268,879</u>	<u>41,543,414</u>

See Independent Auditors' Report.
See accompanying notes to financial statements.

**METROPOLITAN LIBRARY COMMISSION OF
OKLAHOMA COUNTY**

**RECONCILIATIONS OF THE BALANCE SHEETS—GOVERNMENTAL FUNDS TO
THE STATEMENTS OF NET POSITION—GOVERNMENT-WIDE**

<i>June 30,</i>	<i>2023</i>	<i>2022</i>
Reconciliation of Fund Balances to Net Position		
Total fund balances—governmental funds	\$ 45,685,847	37,965,012
Amounts reported for governmental activities in the statements of net position are different because:		
Certain assets used in governmental activities are not financial resources and therefore are not reported in the funds:		
Capital assets, net of accumulated depreciation	14,664,398	14,914,539
Property taxes receivable will be collected this year but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds.		
	2,352,565	1,836,291
Net position of Internal Service Fund separately reported as proprietary fund.		
	1,885,801	2,221,532
Compensated absences in governmental activities are not financial expenditures and therefore are not reported as a liability in governmental funds.		
	(885,529)	(858,850)
Deferred outflows related to the pension plan and OPEB are not financial resources and therefore are not reported in the funds.		
	3,724,294	5,157,754
Deferred inflows related to the pension plan and OPEB are not due and payable in the current period and therefore are not reported in the funds.		
	(1,760,504)	(2,122,120)
The net pension liability and total OPEB liability are not due and payable in the current period and therefore are not reported in the funds.		
	<u>(5,506,408)</u>	<u>(6,467,684)</u>
Net position of governmental activities	<u>\$ 60,160,464</u>	<u>52,646,474</u>

See Independent Auditors' Report.
See accompanying notes to financial statements.

**METROPOLITAN LIBRARY COMMISSION OF
OKLAHOMA COUNTY**

**STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES—GOVERNMENTAL FUNDS**

Year Ended June 30, 2023

	General Fund	Gifts and Grants Fund	Total Governmental Funds
Revenues:			
Property taxes	\$ 45,478,617	-	45,478,617
Collections on book fines and copy services	403,001	-	403,001
Gifts and grants	468	152,851	153,319
State revenue	198,514	-	198,514
Investment income, net	1,469,050	-	1,469,050
Gain on disposals	7,901	-	7,901
Other	183,716	-	183,716
Total revenues	<u>47,741,267</u>	<u>152,851</u>	<u>47,894,118</u>
Expenditures:			
Personnel services	25,164,769	-	25,164,769
Maintenance and operations:			
Contractual services	6,157,718	121,924	6,279,642
Commodities	1,247,573	37,800	1,285,373
Capital outlays	7,409,682	33,817	7,443,499
Total expenditures	<u>39,979,742</u>	<u>193,541</u>	<u>40,173,283</u>
Net changes in fund balances	7,761,525	(40,690)	7,720,835
Fund balances, beginning of year	<u>37,696,785</u>	<u>268,227</u>	<u>37,965,012</u>
Fund balances, end of year	<u>\$ 45,458,310</u>	<u>227,537</u>	<u>45,685,847</u>

See Independent Auditors' Report.
See accompanying notes to financial statements.

**METROPOLITAN LIBRARY COMMISSION OF
OKLAHOMA COUNTY**

**STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES—GOVERNMENTAL FUNDS, CONTINUED**

Year Ended June 30, 2022

	General Fund	Gifts and Grants Fund	Total Governmental Funds
Revenues:			
Property taxes	\$ 42,515,590	-	42,515,590
Collections on book fines and copy services	274,523	-	274,523
Gifts and grants	110,000	256,622	366,622
State revenue	203,492	-	203,492
Investment income, net	79,714	-	79,714
Loss on disposals	(10,032)	-	(10,032)
Other	91,084	-	91,084
Total revenues	<u>43,264,371</u>	<u>256,622</u>	<u>43,520,993</u>
Expenditures:			
Personnel services	22,916,236	-	22,916,236
Maintenance and operations:			
Contractual services	5,672,770	191,753	5,864,523
Commodities	1,022,339	-	1,022,339
Capital outlays	8,836,031	-	8,836,031
Total expenditures	<u>38,447,376</u>	<u>191,753</u>	<u>38,639,129</u>
Net changes in fund balances	4,816,995	64,869	4,881,864
Fund balances, beginning of year	<u>32,879,790</u>	<u>203,358</u>	<u>33,083,148</u>
Fund balances, end of year	<u>\$ 37,696,785</u>	<u>268,227</u>	<u>37,965,012</u>

See Independent Auditors' Report.
See accompanying notes to financial statements.

**METROPOLITAN LIBRARY COMMISSION OF
OKLAHOMA COUNTY**

**RECONCILIATIONS OF NET CHANGES IN GOVERNMENTAL FUND BALANCES TO
GOVERNMENTAL ACTIVITIES CHANGES IN NET POSITION**

<i>Years Ended June 30,</i>	<i>2023</i>	<i>2022</i>
Net changes in fund balances—total governmental funds	\$ 7,720,835	4,881,864
Amounts reported for governmental activities in the statements of activities are different because:		
Governmental funds report capital outlays as expenditures while government-wide activities report depreciation expense to allocate those expenditures over the lives of the assets:		
Depreciation expense	(5,222,317)	(5,190,937)
Capital additions	<u>4,986,475</u>	<u>6,095,629</u>
	<u>(235,842)</u>	<u>904,692</u>
Disposals of capital assets are not considered to be expenditures in the governmental funds. Receipts of funds from the sale of capital assets are considered revenue in the governmental funds. They are, however, recorded as an overall loss in the statements of activities.	(14,299)	(168,998)
Compensated absences are not considered to be expenditures in the governmental funds. They are, however, recorded as expenses in the statements of activities.	(26,679)	87,701
Because some property taxes will not be collected for several months after the Library's fiscal year ends, they are not considered as "available" revenues in the governmental funds and are instead counted as deferred revenues. They are, however, recorded as revenues in the statements of activities.	516,273	507,661
Uncollectable property taxes receivable that have been written-off are not considered to be revenues in the governmental funds. They are, however, recorded as a reduction of recognized revenue in the statements of activities.	-	(167,013)
The statements of activities include net activity of the Internal Service Fund, which is shown as a proprietary fund in the fund financial statements.	(335,731)	(412,511)
In the statements of activities, the cost of pension and OPEB benefits earned net of employee contributions is reported as an element of pension and OPEB expense. The fund financial statements report pension and OPEB contributions as expenditures.	<u>(110,567)</u>	<u>(446,578)</u>
Changes in net position of governmental activities	<u>\$ 7,513,990</u>	<u>5,186,818</u>

See Independent Auditors' Report.
See accompanying notes to financial statements.

**METROPOLITAN LIBRARY COMMISSION OF
OKLAHOMA COUNTY**

STATEMENTS OF NET POSITION—PROPRIETARY FUND

<i>June 30,</i>	<i>2023</i>	<i>2022</i>
	Governmental Activities— Internal Service Fund	
Assets		
Current assets:		
Cash and cash equivalents	\$ 2,070,408	2,581,391
Stop-loss reimbursement receivable	<u>128,078</u>	<u>145,037</u>
Total assets	<u>2,198,486</u>	<u>2,726,428</u>
Liabilities		
Claims payable	<u>312,685</u>	<u>504,896</u>
Net Position		
Unrestricted	<u>\$ 1,885,801</u>	<u>2,221,532</u>

See Independent Auditors' Report.
See accompanying notes to financial statements.

**METROPOLITAN LIBRARY COMMISSION OF
OKLAHOMA COUNTY**

**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION—PROPRIETARY FUND**

<i>Years Ended June 30,</i>	<i>2023</i>	<i>2022</i>
	Governmental Activities— Internal Service Fund	
Operating revenues:		
Insurance premiums	\$ 3,188,746	3,275,297
Refunds and miscellaneous	45,188	116,435
Total operating revenues	<u>3,233,934</u>	<u>3,391,732</u>
Operating expenses:		
Claims	<u>3,576,883</u>	<u>3,805,631</u>
Net operating income	<u>(342,949)</u>	<u>(413,899)</u>
Non-operating revenues:		
Interest income	<u>7,218</u>	<u>1,388</u>
Changes in net position	(335,731)	(412,511)
Net position, beginning of year	<u>2,221,532</u>	<u>2,634,043</u>
Net position, end of year	<u>\$ 1,885,801</u>	<u>2,221,532</u>

See Independent Auditors' Report.
See accompanying notes to financial statements.

**METROPOLITAN LIBRARY COMMISSION OF
OKLAHOMA COUNTY**

STATEMENTS OF CASH FLOWS—PROPRIETARY FUND

Increase (Decrease) in Cash and Cash Equivalents

<i>Years Ended June 30,</i>	<i>2023</i>	<i>2022</i>
	Governmental Activities— Internal Service Fund	
Cash flows from operating activities:		
Cash received from other fund for services	\$ 3,188,746	3,275,297
Receipts from reinsurance	947,724	434,809
Payments of claims	(4,699,859)	(4,277,568)
Other receipts	45,188	116,435
Net cash used in operating activities	(518,201)	(451,027)
Cash flows from investing activities:		
Interest on investments	7,218	1,388
Net cash provided by investing activities	7,218	1,388
Net decrease in cash and cash equivalents	(510,983)	(449,639)
Cash and cash equivalents, beginning of year	2,581,391	3,031,030
Cash and cash equivalents, end of year	\$ 2,070,408	2,581,391
Reconciliation of net operating loss to net cash used in operating activities:		
Net operating loss	\$ (342,949)	(413,899)
Adjustments to reconcile net operating loss to net cash used in operating activities:		
Decrease (increase) in receivables	16,959	(109,248)
(Decrease) increase in claims payable	(192,211)	72,120
Net cash used in operating activities	\$ (518,201)	(451,027)

See Independent Auditors' Report.
See accompanying notes to financial statements.

**METROPOLITAN LIBRARY COMMISSION OF
OKLAHOMA COUNTY**

STATEMENTS OF FIDUCIARY NET POSITION—FIDUCIARY FUNDS

June 30, 2023

	<u>Pension (and Other Employee Benefit) Trust Funds</u>			<u>Total</u>
	<u>Pension Fund</u>	<u>Flex Benefit Fund</u>	<u>Defined Contribution Fund</u>	
Assets				
Cash	\$ 628,144	23,008	-	651,152
Receivables (unsettled trades and accrued income)	26,971	-	-	26,971
Investments:				
Corporate bonds	2,283,404	-	-	2,283,404
Municipal bonds	84,330	-	-	84,330
Mortgage-backed securities	46,418	-	-	46,418
U.S. Treasury obligations	1,540,662	-	-	1,540,662
Common stock	3,918,768	-	-	3,918,768
Equity and mutual funds	3,760,769	-	27,389,193	31,149,962
Guaranteed interest account	-	-	4,265,681	4,265,681
Total investments	<u>11,634,351</u>	<u>-</u>	<u>31,654,874</u>	<u>43,289,225</u>
Total assets	<u>12,289,466</u>	<u>23,008</u>	<u>31,654,874</u>	<u>43,967,348</u>
Liabilities				
Employee benefits payable	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Position				
Net position restricted for pensions and insurance	<u>\$ 12,289,466</u>	<u>23,008</u>	<u>31,654,874</u>	<u>43,967,348</u>

See Independent Auditors' Report.
See accompanying notes to financial statements.

**METROPOLITAN LIBRARY COMMISSION OF
OKLAHOMA COUNTY**

STATEMENTS OF FIDUCIARY NET POSITION—FIDUCIARY FUNDS, CONTINUED

June 30, 2022

	<u>Pension (and Other Employee Benefit) Trust Funds</u>			
	<u>Pension Fund</u>	<u>Flex Benefit Fund</u>	<u>Defined Contribution Fund</u>	<u>Total</u>
Assets				
Cash	\$ 296,517	21,172	-	317,689
Receivables (unsettled trades and accrued income)	24,300	-	-	24,300
Investments:				
Corporate bonds	2,280,466	-	-	2,280,466
Municipal bonds	87,339	-	-	87,339
U.S. Treasury obligations	1,633,000	-	-	1,633,000
Common stock	3,413,315	-	-	3,413,315
Equity and mutual funds	3,203,200	-	23,978,314	27,181,514
Guaranteed interest account	-	-	5,366,688	5,366,688
Total investments	<u>10,617,320</u>	<u>-</u>	<u>29,345,002</u>	<u>39,962,322</u>
Total assets	<u>10,938,137</u>	<u>21,172</u>	<u>29,345,002</u>	<u>40,304,311</u>
Liabilities				
Employee benefits payable	-	18,591	-	18,591
Total liabilities	<u>-</u>	<u>18,591</u>	<u>-</u>	<u>18,591</u>
Net Position				
Net position restricted for pensions and insurance	<u>\$ 10,938,137</u>	<u>2,581</u>	<u>29,345,002</u>	<u>40,285,720</u>

See Independent Auditors' Report.
See accompanying notes to financial statements.

**METROPOLITAN LIBRARY COMMISSION OF
OKLAHOMA COUNTY**

**STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION—
FIDUCIARY FUNDS**

Year Ended June 30, 2023

	<u>Pension (and Other Employee Benefit) Trust Funds</u>			<u>Total</u>
	<u>Pension Fund</u>	<u>Flex Benefit Fund</u>	<u>Defined Contribution Fund</u>	
Additions				
Contributions:				
Employer	\$ 1,000,000	-	1,363,488	2,363,488
Employee	23,672	111,033	796,430	931,135
Rollover	-	-	-	-
Total contributions	<u>1,023,672</u>	<u>111,033</u>	<u>2,159,918</u>	<u>3,294,623</u>
Investment income:				
Interest	122,729	1,357	140,521	264,607
Dividends	138,533	-	-	138,533
Net increase in fair value of investments	<u>1,010,302</u>	<u>-</u>	<u>3,038,463</u>	<u>4,048,765</u>
Total investment income	<u>1,271,564</u>	<u>1,357</u>	<u>3,178,984</u>	<u>4,451,905</u>
Direct investment expenses	<u>(54,450)</u>	<u>-</u>	<u>-</u>	<u>(54,450)</u>
Net investment income	<u>1,217,114</u>	<u>1,357</u>	<u>3,178,984</u>	<u>4,397,455</u>
Total additions	<u>2,240,786</u>	<u>112,390</u>	<u>5,338,902</u>	<u>7,692,078</u>
Deductions				
Benefits paid	864,775	91,963	3,016,192	3,972,930
Administrative expense	<u>24,682</u>	<u>-</u>	<u>12,838</u>	<u>37,520</u>
Total deductions	<u>889,457</u>	<u>91,963</u>	<u>3,029,030</u>	<u>4,010,450</u>
Net decrease in net position	1,351,329	20,427	2,309,872	3,681,628
Net position restricted for pensions and insurance, beginning of year	<u>10,938,137</u>	<u>2,581</u>	<u>29,345,002</u>	<u>40,285,720</u>
Net position restricted for pensions and insurance, end of year	<u>\$ 12,289,466</u>	<u>23,008</u>	<u>31,654,874</u>	<u>43,967,348</u>

See Independent Auditors' Report.
See accompanying notes to financial statements.

**METROPOLITAN LIBRARY COMMISSION OF
OKLAHOMA COUNTY**

**STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION—
FIDUCIARY FUNDS, CONTINUED**

Year Ended June 30, 2022

	<u>Pension (and Other Employee Benefit) Trust Funds</u>			<u>Total</u>
	<u>Pension Fund</u>	<u>Flex Benefit Fund</u>	<u>Defined Contribution Fund</u>	
Additions				
Contributions:				
Employer	\$ 555,520	-	1,036,531	1,592,051
Employee	24,815	123,925	803,934	952,674
Rollover	-	-	-	-
Total contributions	<u>580,335</u>	<u>123,925</u>	<u>1,840,465</u>	<u>2,544,725</u>
Investment income:				
Interest	116,480	14	160,856	277,350
Dividends	111,753	-	-	111,753
Net decrease in fair value of investments	<u>(1,152,901)</u>	<u>-</u>	<u>(4,616,870)</u>	<u>(5,769,771)</u>
Total investment (loss) income	<u>(924,668)</u>	<u>14</u>	<u>(4,456,014)</u>	<u>(5,380,668)</u>
Direct investment expenses	<u>(177,271)</u>	<u>-</u>	<u>-</u>	<u>(177,271)</u>
Net investment (loss) income	<u>(1,101,939)</u>	<u>14</u>	<u>(4,456,014)</u>	<u>(5,557,939)</u>
Total (reductions) additions	<u>(521,604)</u>	<u>123,939</u>	<u>(2,615,549)</u>	<u>(3,013,214)</u>
Deductions				
Benefits paid	764,321	146,312	2,514,096	3,424,729
Administrative expense	<u>27,113</u>	<u>-</u>	<u>18,541</u>	<u>45,654</u>
Total deductions	<u>791,434</u>	<u>146,312</u>	<u>2,532,637</u>	<u>3,470,383</u>
Net decrease in net position	(1,313,038)	(22,373)	(5,148,186)	(6,483,597)
Net position restricted for pensions and insurance, beginning of year	<u>12,251,175</u>	<u>24,954</u>	<u>34,493,188</u>	<u>46,769,317</u>
Net position restricted for pensions and insurance, end of year	<u>\$ 10,938,137</u>	<u>2,581</u>	<u>29,345,002</u>	<u>40,285,720</u>

See Independent Auditors' Report.
See accompanying notes to financial statements.

**METROPOLITAN LIBRARY COMMISSION OF
OKLAHOMA COUNTY**

NOTES TO FINANCIAL STATEMENTS

June 30, 2023 and 2022

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Metropolitan Library Commission of Oklahoma County’s (the “Library”) financial statements are prepared in accordance with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (GASB).

Reporting Entity

The Library is a corporate body for public purposes created under Title 65 of the Oklahoma Statutes and accordingly is a separate entity for operating and financial reporting purposes. There are no component units included within the reporting entity.

Under the Oklahoma Metropolitan Library Act (the “Act”), the Library is governed by the Board of Commissioners. Effective July 31, 2007, Section 554 of the Act was amended, increasing the number of the Board of Commissioners voting members from 19 to 27. The Board of Commissioners members include: 13 voting members who are appointees of the City of Oklahoma City; 1 voting member who is an appointee of the Oklahoma County Commissioners; 1 voting member each from the cities of Bethany, Choctaw, Del City, Edmond, Harrah, Jones, Luther, Midwest City, Nicoma Park, the Village, and Warr Acres; and 2 ex-officio members—the Mayor of Oklahoma City and the Chairman of the Oklahoma County Commissioners, for a total of 27 voting members. The Board of Commissioners also includes one nonvoting member, the Librarian, who conducts Library operations.

Basis of Presentation

The Library’s basic financial statements include both government-wide (reporting the Library as a whole) and the fund financial statements (reporting the Library’s major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The Library does not have any activities classified as business-type activities. Internal Service Fund activity is eliminated in the fund financial statements to avoid “doubling up” revenues and expenses. Fiduciary funds are excluded from the government-wide and fund financial statements, but are reported separately in the fiduciary fund financial statements.

See Independent Auditors’ Report.

(1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

Basis of Presentation, Continued

Government-Wide Financial Statements

In the government-wide statements of net position, the Library's governmental activities are reported using the accrual basis of accounting. The Library's net position is reported in three parts—net investment in capital assets, restricted, and unrestricted. Revenues are recognized when earned and expenses are recognized when incurred.

The government-wide statements of activities report both the gross and net cost of the Library's public library and administrative services. The public library and administrative services are also supported by general government revenues. The statements of activities reduce gross expenses (including depreciation) by related revenues, operating grants and contributions, and capital grants and contributions. Revenues must be directly associated with the public library and administrative services. Charges for services include charges and fees to customers for fines and charges for services provided. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants.

All interfund transactions between governmental funds and internal service funds are eliminated in the government-wide statements.

The net costs are normally covered by general revenue (property taxes, state aid, other taxes, etc.).

The government-wide focus is on the sustainability of the Library as an entity and the changes in the Library's net position resulting from the current year's activities.

Fund Financial Statements

Fund financial statements report detailed information about the Library. The focus of governmental and proprietary fund financial statements is on major funds rather than reporting funds by type. Nonmajor funds, if any, are aggregated and presented in a single column.

All governmental funds are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. Under this basis, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectable within the current period or within 60 days after year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Basis of Presentation, Continued

Fund Financial Statements, Continued

Proprietary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. All other revenues and expenses are non-operating.

Fiduciary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting, except for the recognition of certain liabilities of defined benefit pension plans. Employer and participant contributions are recognized in the period in which the contributions are due and the Library has made a formal commitment to provide the contributions. Retirement benefits and refunds are recognized when due and payable in accordance with the plan.

The Library reports the following major governmental funds:

General Fund:

The *General Fund* is the primary operating fund of the Library. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Fund:

Gifts and Grants Fund—The Library accounts for resources received from various gifts and grants. These resources are restricted to, or designated for, specific purposes by a grantor.

Additionally, the Library reports the following fund types:

Proprietary Fund:

Internal Service Fund—Revenues and expenses related to services provided to the Library for employee insurance are accounted for in the Internal Service Fund, the insurance fund.

Fiduciary Funds:

Pension (and Other Employee Benefit) Trust Funds—The Pension Fund, the Flex Benefit Fund, and the Defined Contribution Fund are used to report assets held in trust for members and beneficiaries of the plans, and the assets cannot be used to support the Library's operating programs.

See Independent Auditors' Report.

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Accrual

The government-wide financial statements are presented on the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements.

Revenues are recognized when earned and expenses are recognized when a liability is incurred. Property taxes are recognized as revenue in the year in which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The fiduciary fund financial statements are in conformity with the provisions of GASB Statement No. 67, *Financial Reporting for Pension Plans—an amendment of GASB Statement No. 25* and GASB Statement No. 75, *Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75).

Modified Accrual

The fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectable within the current period or within 60 days after year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, are recognized when due.

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Capital Assets

Capital assets purchased or acquired with an original cost of \$1,000 or more and all books and materials are reported at historical cost or estimated historical cost, net of accumulated depreciation. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings and improvements	30 years
Furniture and fixtures	7 years
Computer equipment	4 years
Vehicles	5 years
Books and materials	5 years

Compensated Absences

The Library accrues accumulated unpaid annual leave when it has been earned by the employee. Compensated absences are reported as current liabilities in the statements of net position. Employees can accrue up to a maximum of 240 hours of annual leave. Eligible employees who end their employment with the Library are reimbursed for each day of accumulated unpaid annual leave. Further details are provided in the Library's Employee Leave Policy.

Annual Budget

The Library is required by state law to prepare an annual budget. The Oklahoma County Excise Board formally approves an annual budget for the General Fund.

Cash and Cash Equivalents

The Library considers all cash on-hand, demand deposits, money market checking, and certificates of deposit held at an individual bank which are subject to early withdrawal penalties, no matter what the maturity period, to be cash and cash equivalents.

**METROPOLITAN LIBRARY COMMISSION OF
OKLAHOMA COUNTY**

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Investments

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, investments held at June 30, 2023 and 2022, with original maturities greater than 1 year are stated at fair value.

Investment Earnings

Investment earnings principally consist of interest income and fair market value adjustments as the investments are presented at fair value. Investment earnings for the years ended June 30 were as follows:

	<u>2023</u>	<u>2022</u>
Interest income	\$ 944,965	81,102
Fair market value adjustments	<u>531,303</u>	<u>-</u>
Investment income (loss), net	<u>\$ 1,476,268</u>	<u>81,102</u>

Advertising Costs

All costs associated with advertising are expensed as incurred.

Property Tax Revenues

The Library is authorized by state law to levy property taxes which consist of ad valorem taxes on real and personal property within Oklahoma County. The County Assessor, upon receipt of the certification of tax levies from the Oklahoma County Excise Board, extends the tax levies on the tax roll for submission to the County Treasurer prior to October 1. The County Treasurer must commence tax collection within 15 days of receipt of the tax rolls. The first half of taxes are due prior to January 1. The second half are due prior to April 1.

If the first payment is not made timely, the entire tax becomes due and payable on January 1. Second half taxes become delinquent on April 1 of the year following the year of assessment. If not paid by the following October 1, the property is offered for sale for the amount of taxes due. The owner has 2 years to redeem the property by paying the taxes and penalty owed. If at the end of 2 years the owner has not done so, the purchaser is issued a deed to the property. The Oklahoma County Assessor's Office bills and collects the property taxes and remits to the Library its share.

See Independent Auditors' Report.

**METROPOLITAN LIBRARY COMMISSION OF
OKLAHOMA COUNTY**

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Property Taxes Receivable

Property taxes receivable by the Library include uncollected taxes assessed as of October 1, 2023 and 2022, and earlier. The Library considers prior years' experience in estimating uncollectable property taxes. The balance in the allowance account was \$858,303 and \$941,839 as of June 30, 2023 and 2022, respectively. No provision has been made in the other funds for uncollectable amounts. All property taxes earned at year-end but not yet received are included in receivables reported on the government-wide statements. During the years ended June 30, 2023 and 2022, the Library wrote off \$94,262 and \$138,698, respectively, of property taxes receivable as an uncollectable amount which related to the property taxes receivable of 2016 and earlier years. In the fund financial statements, property taxes are recorded as revenue in the period levied to the extent they are collected within 60 days of year-end. Any remaining property taxes due are deferred until they become available.

Changes in the allowance for the years ended June 30 were as follows:

	<u>2023</u>	<u>2022</u>
Balance, beginning of year	\$ 941,839	910,309
Provision added to allowance during the year	-	167,013
Charge-offs	(94,262)	(138,698)
Recoveries	<u>10,726</u>	<u>3,215</u>
Balance, end of year	<u>\$ 858,303</u>	<u>941,839</u>

Deferred Inflows and Outflows of Resources

Fund Financial Statements

Deferred inflows of resources represent the portion of property taxes receivable that will be collected this year but are not available soon enough to pay current period expenditures and are deferred.

Government-Wide Financial Statements

Deferred inflows and outflows of resources represent amounts associated with the pension plan and other postemployment benefit (OPEB), as applicable, for differences between expected and actual experience, differences between projected and actual earnings on Pension Fund investments, and changes in assumptions. Notes 6 and 7 detail the components of these items.

See Independent Auditors' Report.

**METROPOLITAN LIBRARY COMMISSION OF
OKLAHOMA COUNTY**

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

State Revenues

The Library receives revenue from the State of Oklahoma (the "State") and the Oklahoma Department of Libraries to administer certain library materials.

Interfund Transfers

During the course of normal operations, the Library has transactions between funds, including expenditures and transfers of resources to provide services and purchase assets. Transactions that are normal and recurring between funds are recorded as operating transfers.

Interfund transfers were used to transfer grant receipts from the Gifts and Grants Fund to the General Fund. For the purpose of the statements of activities, all interfund transfers between individual governmental funds have been eliminated.

Contributed Facilities and Services

The Library operates several branches located in government-owned buildings and receives certain services without charge. The estimated fair rental values of the premises and services are not reported in the accompanying statements of revenues, expenditures, and changes in fund balances.

Grants

The Library records income from grants in the period received or to the extent of expenses paid prior to reimbursement by a grant.

Income Taxes

The Library was established under the provisions of the Oklahoma Constitution and as such is exempt from income taxes under the Internal Revenue Code as a unit of government.

Prepaid Expenses

The Library uses the consumption method to record prepaid expenses. Prepaid expenses are payments in advance of the receipt of goods or services in exchange transactions and are usually made for insurance and rent. Prepaid expenses are reported as financial resources at the time of prepayment, and expenditures for prepaid services are recognized when the related services are received.

See Independent Auditors' Report.

(1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

Pensions

Defined Benefit Pension Plan—For the purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Metropolitan Library System Pension Plan (the “Plan”) and additions to/deductions from the Plan’s fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Defined Contribution Plan—The Library also has a defined contribution plan. The defined contribution plan is discussed in Notes 2 and 6.

Other Postemployment Benefits (OPEB)

The Library participates in a self-insurance health plan, which is a non-trusted single-employer plan that provides for employee and dependent healthcare coverage from the date of retirement, provided the participant was covered by the health insurance plan before retiring. In conjunction with the adoption of GASB 75, the Library has reflected a total OPEB liability, OPEB expense, deferred outflows of resources, and deferred inflows of resources related to OPEB in the accompanying government-wide financial statements. See Note 7 for additional information on OPEB.

Restricted Resources

The Library records gifts and grants as restricted when the donor specifies a restriction on the timing or use of the gift or grant. Expenses are allocated first to the restricted resource. If additional expense is incurred, the expense is allocated to unrestricted funds when the restriction has been depleted.

Use of Estimates

The preparation of financial statements 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 results could differ from those estimates.

(1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

Equity Classification

Government-Wide Financial Statements

Equity is classified as net position and displayed in three components:

- (a) Net investment in capital assets—consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- (b) Restricted net position—consists of net position with constraints placed on the use either by (i) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (ii) law through constitutional provisions or enabling legislation.
- (c) Unrestricted net position—all other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

It is the Library’s policy to first use restricted net position prior to the use of unrestricted net position when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Fund Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned, and unassigned. The classifications are defined as:

- (a) Nonspendable fund balance—includes amounts that cannot be spent because they are either (i) not in spendable form or (ii) legally or contractually required to be maintained intact. This would include items not expected to be converted to cash, including prepaid expenses.

It is the responsibility of the Library’s Deputy Executive Director of Finance to identify and report all nonspendable funds appropriately in the Library’s financial statements.

- (b) Restricted fund balance—consists of amounts with constraints placed on the use of resources either (i) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (ii) imposed by law through constitutional provisions or enabling legislation.

It is the responsibility of the Library’s Deputy Executive Director of Finance to identify and report all restricted funds appropriately in the Library’s financial statements. The Library has identified the Gifts and Grants Fund as a restricted fund balance.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Equity Classification, Continued

Fund Statements, Continued

- (c) Committed fund balance—reflects specific purposes pursuant to constraints imposed by formal action of the Library’s highest level of decision-making authority. Also, such constraints can only be removed or changed by the same form of formal action.

For purposes of the committed fund balance, the Board of Commissioners is considered the Library’s highest level of decision-making authority. Funds set aside by the Board of Commissioners as committed fund balances require the passage of a resolution by a majority vote of the members of the Board of Commissioners. The passage of such a resolution must take place prior to the Library’s fiscal year-end in order for it to be applicable to the Library’s fiscal year-end, although it is permitted for the specific amount of the commitment to be determined after the fiscal year-end if additional information is required in order to determine the exact amount to be committed. The Board of Commissioners has the authority to remove or change the commitment of funds with a majority vote.

- (d) Assigned fund balance—reflects amounts that are constrained by the Library’s intent to be used for specific purposes, but meet neither the restricted nor committed forms of constraint. Assigned funds cannot cause a deficit in the unassigned fund balance.

For purposes of the assigned fund balance, the Board of Commissioners is considered the Library’s highest level of decision-making authority. Any funds that the Deputy Executive Director of Finance assigns for specific purposes must be reported to the Board of Commissioners at its next regular meeting. The assignment of funds shall be recorded in the Board of Commissioners’ official meeting minutes.

- (e) Unassigned fund balance—is the residual classification for the General Fund only. Unassigned fund balance essentially consists of excess funds that have not been classified in the above four fund balance categories.

It is the Library’s policy to first use the restricted fund balance prior to the use of the unrestricted fund balance when an expense is incurred for purposes for which both restricted and unrestricted fund balances are available. The Library’s policy for the use of the unrestricted fund balance amounts require that committed amounts be reduced first, followed by assigned amounts and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

**METROPOLITAN LIBRARY COMMISSION OF
OKLAHOMA COUNTY**

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Equity Classification, Continued

Fund Statements, Continued

The Library presents its fund balance in accordance with the requirements of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). The following tables show the fund balance classifications as shown on the governmental funds balance sheets in accordance with GASB 54 as of June 30:

	<u>General Fund</u>	<u>Gifts and Grants Fund</u>	<u>Total Governmental Funds</u>
<u>2023</u>			
Fund balances:			
Nonspendable:			
Prepaid expenses	\$ 149,656	-	149,656
Restricted:			
Grants or gifts received for special programs	-	227,537	227,537
Assigned:			
Cash flow	8,164,000	-	8,164,000
Capital improvement:			
Almonte Library	2,056,000	-	2,056,000
Downtown	500,000	-	500,000
Edmond Library	150,000	-	150,000
Edmond Library II	1,500,000	-	1,500,000
Harrah	23,500	-	23,500
Jones	15,000	-	15,000
Luther	17,000	-	17,000
Midwest City Library	600,000	-	600,000
Nicoma Park	6,000	-	6,000
Northwest	300,000	-	300,000
Ralph Ellison Library	1,000,000	-	1,000,000
Service Center	150,000	-	150,000
Southern Oaks	125,000	-	125,000
Future projects	14,393,467	-	14,393,467
Total assigned	28,999,967	-	28,999,967
Unassigned	16,308,687	-	16,308,687
Total fund balances	\$ 45,458,310	227,537	45,685,847

See Independent Auditors' Report.

**METROPOLITAN LIBRARY COMMISSION OF
OKLAHOMA COUNTY**

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Equity Classification, Continued

Fund Statements, Continued

<u>2022</u>	<u>General Fund</u>	<u>Gifts and Grants Fund</u>	<u>Total Governmental Funds</u>
Fund balances:			
Nonspendable:			
Prepaid expenses	\$ 124,142	-	124,142
Restricted:			
Grants or gifts received for special programs	-	268,227	268,227
Assigned:			
Cash flow	8,082,000	-	8,082,000
Capital improvement:			
Almonte Library	2,056,000	-	2,056,000
Downtown	500,000	-	500,000
Edmond Library	150,000	-	150,000
Edmond Library II	950,000	-	950,000
Midwest City Library	600,000	-	600,000
Northwest	300,000	-	300,000
Ralph Ellison Library	1,000,000	-	1,000,000
Service Center	150,000	-	150,000
Southern Oaks	125,000	-	125,000
Future projects	10,621,259	-	10,621,259
Total assigned	24,534,259	-	24,534,259
Unassigned	13,038,384	-	13,038,384
Total fund balances	\$ 37,696,785	268,227	37,965,012

See Independent Auditors' Report.

(1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting is used, under which purchase orders, contracts, and other commitments for the expenditures of resources are recorded as expenditures of the applicable funds. This is an extension of the formal budgetary integration in the General Fund. Encumbrances do not represent any further constraint on the use of amounts than is already communicated by governmental fund balance classification as restricted, committed, or assigned. As of June 30, 2023 and 2022, there was approximately \$431,000 and \$244,000, respectively, of encumbrances outstanding.

Recent Accounting Pronouncements

Governmental Accounting Policies Adopted in Current Year

In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* (GASB 94). GASB 94 defines and provides financial reporting requirements for Public-Private or Public-Public Partnerships (PPP) and Availability Payment Arrangements (APA). A PPP is an arrangement between a government (transferor) and an operator (governmental or non-governmental) to provide public services by conveying the right to control or use a nonfinancial or infrastructure asset for a period of time in an exchange-like transaction. An APA is a similar arrangement where the operator may also be compensated for services that include designing, constructing, financing and maintaining a nonfinancial asset for a period of time. The Library adopted GASB 94 on July 1, 2022, for the June 30, 2023, reporting year, which did not have a significant impact on the financial statements.

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements* (GASB 96). GASB 96 provides accounting and financial reporting guidance for the governmental end users of subscription-based information technology arrangements (SBITAs). GASB 96 defines a SBITA, establishes right-to-use assets and corresponding liabilities, and provides capitalization criteria and the note disclosures required for SBITAs. The Library adopted GASB 96 on July 1, 2022, for the June 30, 2023, reporting year, which did not have a significant impact on the financial statements.

In April 2022, GASB issued Statement No. 99, *Omnibus 2022* (GASB 99). GASB 99 is a technical omnibus statement that addresses issues or concerns from previous statements that were discovered during implementation and application of those statements. GASB 99 covers several topics including but not limited to, financial guarantees, derivatives, leases, non-monetary transactions, future revenue pledges and terminology updates. The Library adopted the sections that were effective for the June 30, 2023, reporting year. The remaining section will be adopted by the Library for the June 30, 2024, reporting year, as required by GASB 99. GASB 99 has not had a significant impact on the financial statements, and the Library does not expect the implementation of the future sections to have a significant impact on the financial statements.

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**METROPOLITAN LIBRARY COMMISSION OF
OKLAHOMA COUNTY**

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Recent Accounting Pronouncements, Continued

Governmental Accounting Policies for Future Adoption

In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections* (GASB 100). GASB 100 proscribes accounting and financial reporting for accounting changes and error corrections to the financial statements. GASB 100 defines what constitutes an accounting change versus a change in accounting principle or error correction and outlines the appropriate note disclosures in each circumstance. The Library will adopt GASB 100 on July 1, 2023, for the June 30, 2024, reporting year. The Library does not expect GASB 100 to have a significant impact on the financial statements.

In June 2022, GASB issued Statement No. 101, *Compensated Absences* (GASB 101). GASB 101 outlines the definition of compensated absences and sets forth the accounting and financial reporting for compensated absence liabilities. GASB 101 outlines that leave accrued should be measured using the employees pay rate at the financial statement date and that certain salary related payments, such as Social Security and Medicare, should be included in such measurement. The Library will adopt GASB 101 on July 1, 2024, for the June 30, 2025, reporting year. The Library has not determined the impact that GASB 101 will have on the financial statements.

Date of Management's Review of Subsequent Events

Management has evaluated subsequent events through November 29, 2023, the date which the financial statements were available to be issued, and determined that no subsequent events have occurred that require adjustment to or disclosure in the financial statements.

See Independent Auditors' Report.

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(2) CASH, CASH EQUIVALENTS, AND INVESTMENTS

The Library's investment policies are governed by State statutes. Permissible investments include direct obligations of the U.S. government and agencies; negotiable certificates of deposit of savings and loan associations and bank and trust companies; and savings accounts or savings certificates of savings and loan associations and trust companies. Non-negotiable certificates of deposit are considered to be cash equivalents. Collateral is required for demand deposits and certificates of deposit on all amounts not covered by Federal Deposit Insurance Corporation insurance.

As a key part of the Library's activities, the Library holds investments that are measured and reported at fair value on a recurring basis. Generally accepted accounting principles establish a fair value hierarchy for the determination and measurement of fair value. This hierarchy is based on the type of valuation inputs needed to measure the fair value of an asset. The hierarchy generally is as follows:

Level 1—Unadjusted quoted prices in active markets for identical assets.

Level 2—Quoted prices for similar assets, or inputs that are observable or other forms of market corroborated inputs.

Level 3—Pricing based on best available information, including primarily unobservable inputs and assumptions market participants would use in pricing the asset.

In addition to the above three levels, if an investment does not have a readily determined fair value, the investment can be measured using net asset value (NAV) per share (or its equivalent). Investments valued at NAV are categorized as NAV and not listed as Level 1, 2, or 3. As of June 30, 2023 and 2022, the Library had no investments valued using NAV.

**METROPOLITAN LIBRARY COMMISSION OF
OKLAHOMA COUNTY**

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(2) CASH, CASH EQUIVALENTS, AND INVESTMENTS, CONTINUED

Fair values of investments by level are presented below. The levels are presented as of June 30, 2023 and 2022.

	Amounts Measured at Fair Value	Fair Value Measurements at Reporting Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<u>June 30, 2023</u>				
<u>Investments by Fair Value Level</u>				
<i>The Library</i>				
Fixed income:				
Government money market fund	\$ 11,214,195	11,214,195	-	-
U.S. Treasury obligations	<u>34,687,632</u>	<u>34,687,632</u>	-	-
Total fixed income	<u>45,901,827</u>	<u>45,901,827</u>	-	-
Total investments measured at fair value	<u>\$ 45,901,827</u>	<u>45,901,827</u>	-	-
<i>Fiduciary Funds</i>				
Fixed income:				
U.S. Treasury obligations	\$ 1,540,662	1,540,662	-	-
Corporate bonds	2,283,404	-	2,283,404	-
Municipal bonds	84,330	-	84,330	-
Mortgage-backed securities	<u>46,418</u>	-	<u>46,418</u>	-
Total fixed income	<u>3,954,814</u>	<u>1,540,662</u>	<u>2,414,152</u>	-
Equities:				
Common stock	3,918,768	3,918,768	-	-
Equity and mutual funds	<u>31,149,962</u>	<u>31,149,962</u>	-	-
Total equities	<u>35,068,730</u>	<u>35,068,730</u>	-	-
Guaranteed investments:				
Guaranteed interest account*	<u>4,265,681</u>	-	-	<u>4,265,681</u>
Total guaranteed investments	<u>4,265,681</u>	-	-	<u>4,265,681</u>
Total investments measured at fair value	<u>\$ 43,289,225</u>	<u>36,609,392</u>	<u>2,414,152</u>	<u>4,265,681</u>

*The guaranteed investment account represents an account held by a life insurance company which pays a fixed guaranteed rate on the account. The account is generally stated at contract value as determined by the insurance company. As the value is determined by the insurance company, the investment is considered Level 3.

See Independent Auditors' Report.

**METROPOLITAN LIBRARY COMMISSION OF
OKLAHOMA COUNTY**

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(2) CASH, CASH EQUIVALENTS, AND INVESTMENTS, CONTINUED

	Amounts Measured at Fair Value	Fair Value Measurements at Reporting Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<i>June 30, 2022</i>				
<u>Investments by Fair Value Level</u>				
<i>The Library</i>				
Fixed income:				
Government money market fund	\$ 27,055,376	27,055,376	-	-
U.S. Treasury obligations	9,999,603	9,999,603	-	-
Total fixed income	<u>37,054,979</u>	<u>37,054,979</u>	-	-
Total investments measured at fair value	<u>\$ 37,054,979</u>	<u>37,054,979</u>	<u>-</u>	<u>-</u>
<i>Fiduciary Funds</i>				
Fixed income:				
U.S. Treasury obligations	\$ 1,633,000	1,633,000	-	-
Corporate bonds	2,280,466	-	2,280,466	-
Municipal bonds	87,339	-	87,339	-
Total fixed income	<u>4,000,805</u>	<u>1,633,000</u>	<u>2,367,805</u>	<u>-</u>
Equities:				
Common stock	3,413,315	3,413,315	-	-
Equity and mutual funds	27,181,514	27,181,514	-	-
Total equities	<u>30,594,829</u>	<u>30,594,829</u>	<u>-</u>	<u>-</u>
Guaranteed investments:				
Guaranteed interest account*	5,366,688	-	-	5,366,688
Total guaranteed investments	<u>5,366,688</u>	<u>-</u>	<u>-</u>	<u>5,366,688</u>
Total investments measured at fair value	<u>\$ 39,962,322</u>	<u>32,227,829</u>	<u>2,367,805</u>	<u>5,366,688</u>

*The guaranteed investment account represents an account held by a life insurance company which pays a fixed guaranteed rate on the account. The account is generally stated at contract value as determined by the insurance company. As the value is determined by the insurance company, the investment is considered Level 3.

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NOTES TO FINANCIAL STATEMENTS, CONTINUED

(2) **CASH, CASH EQUIVALENTS, AND INVESTMENTS, CONTINUED**

Custodial Credit Risk

Custodial Credit Risk—Deposits

For deposits, custodial credit risk is the risk that in the event of the failure of a counterparty, the Library will not be able to recover the value of its deposits. Deposits are exposed to custodial credit risk if they are uninsured and uncollateralized. At June 30, 2023 and 2022, the carrying amounts of the Library's cash and cash equivalents were \$3,009,824 and \$4,690,996, respectively, and the bank balances were \$3,056,615 and \$4,791,930, respectively. The difference in balances was primarily due to uncleared outstanding checks.

The fair value of investments pledged to secure deposits was approximately \$10,042,000 and \$7,166,000 at June 30, 2023 and 2022, respectively. The Library carried no uninsured or uncollateralized deposits as of June 30, 2023 or 2022.

Custodial Credit Risk—Investments

Investments are made under the custody of the Library Treasurer in accordance with investment policies complying with State statutes and Library policy.

Custodial credit risk is the risk that, in the event of the failure of a counterparty, the Library will not be able to recover the value of its investments. Investment securities are exposed to custodial risk if they are uninsured, are not registered in the name of the Library, or are held by a counterparty or the counterparty's trust department but not in the name of the Library. While the investment policy does not specifically address custodial credit risk, all investments are held in the name of the Library.

Interest Rate Risk and Credit Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest changes. Fixed-income securities are subject to credit risk. Credit quality rating is one method of assessing the ability of the issuer to meet its obligation. The following table provides information concerning credit risk.

**METROPOLITAN LIBRARY COMMISSION OF
OKLAHOMA COUNTY**

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(2) CASH, CASH EQUIVALENTS, AND INVESTMENTS, CONTINUED

Interest Rate Risk and Credit Risk, Continued

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

<u>Investment Type</u>	Moody's Credit Rating	<u>Fair Value</u>	Investment Maturities (In Years)			<u>%</u>
			<u>Less than 1</u>	<u>1 or More, Less than 5</u>	<u>5 or More</u>	
<u>2023</u>						
Government money market fund	Aaa	\$ 11,214,195	11,214,195 ⁽¹⁾	-	-	24%
U.S. Treasury obligations	Aaa	<u>34,687,632</u>	<u>34,687,632</u> ⁽²⁾	-	-	<u>76%</u>
		<u>\$ 45,901,827</u>	<u>45,901,827</u>	<u>-</u>	<u>-</u>	<u>100%</u>
<u>2022</u>						
Government money market fund	Aaa	\$ 27,055,376	27,055,376 ⁽¹⁾	-	-	73%
U.S. Treasury obligations	Aaa	<u>9,999,603</u>	<u>9,999,603</u>	-	-	<u>27%</u>
		<u>\$ 37,054,979</u>	<u>37,054,979</u>	<u>-</u>	<u>-</u>	<u>100%</u>

⁽¹⁾ The fund's weighted average maturity (WAM) is an average of the effective maturity of all securities held in the portfolio, weighted by each security's percentage of net assets. As of June 30, 2023 and 2022, the fund WAM was 25 days and 22 days, respectively.

⁽²⁾ Maturity of the securities ranged from August 24, 2023 to January 4, 2024.

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**METROPOLITAN LIBRARY COMMISSION OF
OKLAHOMA COUNTY**

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(2) CASH, CASH EQUIVALENTS, AND INVESTMENTS, CONTINUED

Pension Fund

The cash and investments of the Pension Fund are invested in various assets with the Bank of Oklahoma and may be used only for the payment of benefits to the members of the Pension Fund (see Note 6). The composition of the Pension Fund at fair value as of June 30 is shown in the following table:

	2023		2022	
	Fair Value	Exposure as a Percentage of Total Investment	Fair Value	Exposure as a Percentage of Total Investment
Cash	\$ 628,144	5%	\$ 296,517	2%
Fixed income:				
U.S. Treasury obligations	1,540,662	12%	1,633,000	15%
Corporate bonds	2,283,404	18%	2,280,466	21%
Municipal bonds	84,330	1%	-	0%
Mortgage-backed securities	46,418	1%	87,339	1%
	3,954,814		4,000,805	
Equities:				
Common stock	3,918,768	32%	3,413,315	31%
Equity funds	3,760,769	30%	3,203,200	29%
	7,679,537		6,616,515	
Receivables:				
Unsettled trades and accrued income	26,971	1%	24,300	1%
	\$ 12,289,466	100%	\$ 10,938,137	100%

See Independent Auditors' Report.

**METROPOLITAN LIBRARY COMMISSION OF
OKLAHOMA COUNTY**

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(2) CASH, CASH EQUIVALENTS, AND INVESTMENTS, CONTINUED

Pension Fund, Continued

Investment Allocation Policy—On March 28, 1983, the Board of Commissioners appointed a Board of Administrators for the Pension Fund—the Library Retirement Pension Board (the “Pension Board”). The Pension Board has the responsibility for the management of the Pension Fund and has the responsibility for reviewing the Pension Fund and reporting on its status to the Board of Commissioners annually. The Pension Board consists of the three officers of the Board of Commissioners and three designated Library staff employees. Overall investment guidelines provide for diversification and allow investment in domestic and international equities, fixed-income securities, and cash equivalents.

The following are the investment allocation limits:

	<u>Upper Limit</u>
Domestic large cap equities	50%
Domestic small cap equities	9%
International equities	9%
Fixed-income securities	45%
Cash equivalents	5%

The Pension Fund addresses custodial credit risk, with the policy providing for the engagement of a custodian who accepts possession of securities for safekeeping; collects and disburses income; collects principal of sold, matured, or called items; and provides periodic accounting to the Board of Commissioners. At June 30, 2023 and 2022, the Pension Fund held \$12,289,466 and \$10,938,137, respectively, in cash, investments, and receivables. This amount was held by the investment counterparty, in the name of the Pension Fund.

Pursuant to the Prudent Investor Rule, Oklahoma statutes restrict Pension Fund investing.

During the years ended June 30, 2023 and 2022, the Pension Board made no significant investment policy changes.

Method Used to Value Investments—The Pension Fund’s investments are reported at fair value. Debt and equity securities are reported at fair value, as determined by the Plan’s custodial agent, using pricing services or prices quoted by independent brokers based on the latest reported sales prices at current exchange rates for securities traded on national or international exchanges. Net investment income (loss) includes net appreciation (depreciation) in the fair value of investments, interest income, dividend income, and investment expenses, which includes investment management and custodial fees and all other significant investment related costs.

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**METROPOLITAN LIBRARY COMMISSION OF
OKLAHOMA COUNTY**

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(2) CASH, CASH EQUIVALENTS, AND INVESTMENTS, CONTINUED

Pension Fund, Continued

Custodial Credit Risk—Custodial credit risk is the risk that in the event of the failure of a counterparty, the Library will not be able to recover the value of its investments. Investment securities are exposed to custodial credit risk if they are uninsured, are not registered in the name of the Library, or are held by a counterparty or the counterparty’s trust department but not in the name of the Library. All cash, cash equivalents, and investments of the Pension Fund are held in the name of the Library.

Rate of Return—For the years ended June 30, 2023 and 2022, the annual money-weighted rate of return on the Pension Fund’s investments, net of the Pension Fund’s investment expense, was 10.82% and (7.67)%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Concentration of Credit Risk—The investment policy limits the concentration of equity investments to no more than 5% in any one issuer. Except as noted in the table below, no investment with a single firm exceeds 5% of the Pension Fund’s net position.

The following table presents the individual investments exceeding the 5% threshold at June 30:

<u>Classification of Investment</u>	<u>Name of Investment</u>	<u>Shares Held</u>	<u>Cost</u>	<u>Fair Value</u>
<u>2023</u>				
Equity fund	Vanguard 500 Index Fund Admiral Class	5,072	\$ 1,030,102	2,082,358
<u>2022</u>				
Equity fund	Vanguard 500 Index Fund Admiral Class	4,986	\$ 998,904	1,741,962

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**METROPOLITAN LIBRARY COMMISSION OF
OKLAHOMA COUNTY**

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(2) CASH, CASH EQUIVALENTS, AND INVESTMENTS, CONTINUED

Pension Fund, Continued

Foreign Currency Risk—Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The Pension Fund held no foreign investments at June 30, 2023 or 2022. As such, no Pension Fund investments were subject to foreign currency risk.

Credit Risk—Fixed-income investments are subject to credit risk. Credit quality rating is one method of assessing the ability of the issuer to meet its obligation. The following tables provide information as of June 30 concerning credit risk:

<u>S&P 500 Rating</u>	<u>Fair Value</u>	Percentage of Total Fixed-Income Investments at <u>Fair Value</u>
<u>2023</u>		
AA+	\$ 1,587,080	40%
AA	112,206	3%
A+	128,405	3%
A	122,492	3%
A-	546,563	14%
BBB+	675,591	17%
BBB	434,542	11%
BBB-	<u>347,935</u>	<u>8%</u>
	<u>\$ 3,954,814</u>	<u>100%</u>

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METROPOLITAN LIBRARY COMMISSION OF
OKLAHOMA COUNTY

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(2) CASH, CASH EQUIVALENTS, AND INVESTMENTS, CONTINUED

Pension Fund, Continued

Credit Risk—Continued

<u>S&P 500 Rating</u>	<u>Fair Value</u>	Percentage of Total Fixed-Income Investments at <u>Fair Value</u>
<u>2022</u>		
AAA	\$ 20,011	1%
AA+	1,633,000	41%
AA	114,991	3%
A+	138,485	3%
A	66,449	2%
A-	431,230	11%
BBB+	768,113	19%
BBB	466,231	12%
BBB-	<u>362,295</u>	<u>8%</u>
	<u>\$ 4,000,805</u>	<u>100%</u>

At both June 30, 2023 and 2022, the Pension Fund did not hold any pooled fixed income funds.

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**METROPOLITAN LIBRARY COMMISSION OF
OKLAHOMA COUNTY**

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(2) CASH, CASH EQUIVALENTS, AND INVESTMENTS, CONTINUED

Pension Fund, Continued

Interest Rate Risk—Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. As of June 30, the Pension Fund had the following fixed-income investments with maturities:

<u>Investment Type</u>	<u>Investment Maturities at Fair Value (in Years)</u>				<u>Total Fair Value</u>
	<u>Less than 1</u>	<u>1 or More, Less than 5</u>	<u>5 or More, Less than 10</u>	<u>10 or More</u>	
<u>2023</u>					
U.S. Treasury obligations	\$ 1,087,422	453,240	-	-	1,540,662
Corporate bonds	468,701	1,776,466	38,237	-	2,283,404
Municipal bonds	-	84,330	-	-	84,330
Mortgage-backed securities	-	-	-	46,418	46,418
	<u>\$ 1,556,123</u>	<u>2,314,036</u>	<u>38,237</u>	<u>46,418</u>	<u>3,954,814</u>
<u>2022</u>					
U.S. Treasury obligations	\$ 932,628	700,372	-	-	1,633,000
Corporate bonds	864,261	1,347,648	68,557	-	2,280,466
Municipal bonds	-	87,339	-	-	87,339
	<u>\$ 1,796,889</u>	<u>2,135,359</u>	<u>68,557</u>	<u>-</u>	<u>4,000,805</u>

Defined Contribution Fund

The investments of the Defined Contribution Fund are invested in mutual funds and a guaranteed interest account with Empower Annuity Insurance Company of America and may be used only for the payment of benefits to the participants of the defined contribution plan (see Note 6).

The following table presents the fair value of the defined contribution plan's investments by type at June 30:

<u>Investment Type</u>	<u>Fair Value</u>	
	<u>2023</u>	<u>2022</u>
Guaranteed interest account	\$ 4,265,681	5,366,688
Mutual funds	<u>27,389,193</u>	<u>23,978,314</u>
	<u>\$ 31,654,874</u>	<u>29,345,002</u>

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**METROPOLITAN LIBRARY COMMISSION OF
OKLAHOMA COUNTY**

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(2) CASH, CASH EQUIVALENTS, AND INVESTMENTS, CONTINUED

Defined Contribution Fund, Continued

Custodial Credit Risk—Custodial credit risk is the risk that in the event of the failure of a counterparty, the Library will not be able to recover the value of its investments. Investment securities are exposed to custodial credit risk if they are uninsured, are not registered in the name of the Library, or are held by a counterparty or the counterparty’s trust department but not in the name of the Library. While the trust agreement does not specifically address custodial credit risk, all investments are insured and collateralized.

Concentration of Credit Risk—Except as noted below, no single investment exceeds 5% of the Defined Contribution Fund’s total investments. The following table presents the individual investments exceeding the 5% threshold at June 30:

Classification of <u>Investment</u>	<u>Name of Investment</u>	Fair <u>Value</u>
<u>2023</u>		
Mutual fund	MM Select Retirement 2030	\$ 1,766,306
Mutual fund	American Century Equity Growth Fund	4,148,185
Mutual fund	MM Select Retirement 2040	2,295,685
Mutual fund	MM Equity Opportunities	1,638,560
Mutual fund	Calvert Equity Fnd	1,679,475
Guaranteed interest account	MM Guaranteed interest account	4,265,681
Mutual fund	Thornburg International Equity	1,733,988
<u>2022</u>		
Mutual fund	MM RetireSmart 2030	\$ 1,608,401
Mutual fund	American Century Equity Growth Fund	3,714,421
Mutual fund	MM RetireSmart 2040	1,822,744
Mutual fund	MM Equity Opportunities	1,493,654
Mutual fund	Calvert Equity Fnd	1,528,109
Guaranteed interest account	MM Guaranteed interest account	5,366,688

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**METROPOLITAN LIBRARY COMMISSION OF
OKLAHOMA COUNTY**

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(3) COLLECTIONS

The Library has not capitalized existing inexhaustible collections, including research books, because the values are not readily determinable.

(4) CAPITAL ASSETS

Capital asset activity for the years ended June 30 was as follows:

	Balance at <u>June 30, 2022</u>	<u>Increases</u>	<u>Decreases</u>	Balance at <u>June 30, 2023</u>
Capital assets not being depreciated:				
Land	\$ 273,126	-	-	<u>273,126</u>
Capital assets being depreciated:				
Library materials	30,895,193	4,613,569	(3,347,607)	32,161,155
Furniture and fixtures	3,925,923	118,521	(212,257)	3,832,187
Computer equipment	5,083,113	254,385	(326,857)	5,010,641
Vehicles	513,940	-	(1,375)	512,565
Buildings and improvements	<u>5,412,400</u>	-	-	<u>5,412,400</u>
Total capital assets being depreciated	<u>45,830,569</u>	<u>4,986,475</u>	<u>(3,888,096)</u>	<u>46,928,948</u>
Less accumulated depreciation:				
Library materials	22,112,091	4,282,383	(3,347,607)	23,046,867
Furniture and fixtures	2,905,172	243,005	(198,143)	2,950,034
Computer equipment	3,215,528	518,086	(326,672)	3,406,942
Vehicles	482,061	10,952	(1,375)	491,638
Buildings and improvements	<u>2,474,304</u>	<u>167,891</u>	-	<u>2,642,195</u>
Total accumulated depreciation	<u>31,189,156</u>	<u>5,222,317</u>	<u>(3,873,797)</u>	<u>32,537,676</u>
Total capital assets being depreciated, net	<u>14,641,413</u>	<u>(235,842)</u>	<u>(14,299)</u>	<u>14,391,272</u>
Capital assets, net	<u>\$ 14,914,539</u>	<u>(235,842)</u>	<u>(14,299)</u>	<u>14,664,398</u>

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**METROPOLITAN LIBRARY COMMISSION OF
OKLAHOMA COUNTY**

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(4) CAPITAL ASSETS, CONTINUED

	<u>Balance at June 30, 2021</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at June 30, 2022</u>
Capital assets not being depreciated:				
Land	\$ 273,126	-	-	273,126
Capital assets being depreciated:				
Library materials	30,277,744	4,537,408	(3,919,959)	30,895,193
Furniture and fixtures	4,100,993	325,840	(500,910)	3,925,923
Computer equipment	4,424,809	1,232,381	(574,077)	5,083,113
Vehicles	513,940	-	-	513,940
Buildings and improvements	5,412,400	-	-	5,412,400
Total capital assets being depreciated	<u>44,729,886</u>	<u>6,095,629</u>	<u>(4,994,946)</u>	<u>45,830,569</u>
Less accumulated depreciation:				
Library materials	21,742,683	4,289,367	(3,919,959)	22,112,091
Furniture and fixtures	3,168,726	220,347	(483,901)	2,905,172
Computer equipment	3,137,249	500,367	(422,088)	3,215,528
Vehicles	469,096	12,965	-	482,061
Buildings and improvements	2,306,413	167,891	-	2,474,304
Total accumulated depreciation	<u>30,824,167</u>	<u>5,190,937</u>	<u>(4,825,948)</u>	<u>31,189,156</u>
Total capital assets being depreciated, net	<u>13,905,719</u>	<u>904,692</u>	<u>(168,998)</u>	<u>14,641,413</u>
Capital assets, net	<u>\$ 14,178,845</u>	<u>904,692</u>	<u>(168,998)</u>	<u>14,914,539</u>

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**METROPOLITAN LIBRARY COMMISSION OF
OKLAHOMA COUNTY**

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(5) COMPENSATED ABSENCES

Compensated absences are liquidated through the General Fund. Employees can accrue up to a maximum of 240 hours of annual leave. Compensated absences are reported as current liabilities in the statements of net position. Compensated absences activity for the years ended June 30 was as follows.

	<u>Balance at June 30, 2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at June 30, 2023</u>	Amounts Due Within 1 Year
Compensated absences	\$ 858,850	1,136,838	(1,110,159)	885,529	885,529

	<u>Balance at June 30, 2021</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at June 30, 2022</u>	Amounts Due Within 1 Year
Compensated absences	\$ 946,551	1,155,861	(1,243,562)	858,850	858,850

(6) RETIREMENT PLANS

Defined Benefit Pension Plan

General Information about the Defined Benefit Pension Plan

Plan Description—The Plan is a single-employer plan that covers some full-time employees of the Library. The Plan is a defined benefit plan which provides for retirement benefits based on length of service and salary. The Plan was amended effective January 1, 2008. This latest amendment lowered the vesting schedule from 5-year cliff vesting to 3 years. Death, early and late retirement, and deferred vested benefits are also available under the Plan. Assets of the Plan are held separately and may be used only for the payment of benefits to the members of the Plan. Actuarial valuations are performed annually on July 1.

The Plan’s membership consisted of the following as of June 30:

	<u>2023</u>	<u>2022</u>
Retirees, disabled participants, and beneficiaries currently receiving benefits	21	17
Terminated vested participants	4	6
Active participants	14	16
	<u>39</u>	<u>39</u>

See Independent Auditors’ Report.

(6) RETIREMENT PLANS, CONTINUED

Defined Benefit Pension Plan, Continued

General Information about the Defined Benefit Pension Plan, Continued

Plan Description—Continued

Effective August 29, 2005, the Plan was frozen, and no new employees are eligible to participate. A defined contribution plan was established for new employees.

Benefit payments for the Plan are as follows:

- a) The normal monthly retirement benefit will be 2.5% of an employee's average monthly earnings multiplied by years of credited service up to a maximum of 32 years. "Average monthly earnings" means the average of the employee's highest 60 consecutive completed calendar months of employment by the Library.
- b) The early retirement benefit will be the greater of the actuarial equivalent of the employee's accrued benefit at normal retirement date or the aggregate value of the employee's participant contributions plus interest credited.
- c) The late retirement benefits will be the greater of: 1) the normal retirement pension determined under the Plan, taking into account service and compensation credited after normal retirement age; or 2) the accrued benefit, determined as the later of normal retirement age or the end of the prior plan year, actuarially adjusted for late retirement.

Contributions—Participating employees contribute 4% of their compensation to the Plan. The Library contributes any additional amount necessary to fund normal cost and to amortize unfunded past service costs over a period of 30 years. The actuarial required contributions for 2023 and 2022 were \$525,386 and \$554,563, respectively.

The Plan does not issue stand-alone financial statements and related required supplementary information. The information is included within these financial statements, notes to the financial statements, and the required supplementary information.

**METROPOLITAN LIBRARY COMMISSION OF
OKLAHOMA COUNTY**

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(6) RETIREMENT PLANS, CONTINUED

Defined Benefit Pension Plan, Continued

Net Pension Liability

The Library's net pension liability was measured as of June 30, 2023 and 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of those dates.

The components of the Library's net pension liability of the participating employer at June 30 were as follows:

	<u>2023</u>	<u>2022</u>
Total pension liability	\$ 15,759,574	15,387,163
Plan fiduciary net position	<u>12,289,466</u>	<u>10,938,137</u>
Library's net pension liability	<u>\$ 3,470,108</u>	<u>4,449,026</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>77.98%</u>	<u>71.09%</u>

Actuarial Assumptions—The total pension liability was determined by an actuarial valuation as of July 1, 2022 and 2021, using the following actuarial assumptions, applied to all prior periods included in the measurement:

Inflation:	None
Salary increases:	5%
Investment rate of return:	7%, net of pension plan investment expense

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**METROPOLITAN LIBRARY COMMISSION OF
OKLAHOMA COUNTY**

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(6) RETIREMENT PLANS, CONTINUED

Defined Benefit Pension Plan, Continued

Net Pension Liability, Continued

Actuarial Assumptions—Continued

Mortality rates were based on the Society of Actuaries Generational Tables Mortality Improvement Scales MP-2021 for males and females for both July 1, 2022 and 2021.

The actuarial assumptions used in the July 1, 2022 and 2021, valuations were based on the results of an actuarial experience study for the period July 2009 to June 2013.

The long-term expected rate of return on the Plan's investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of the Plan's investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Plan's target asset allocation as of June 30 (see discussion of the Plan's investment policy) are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>	
	<u>2023</u>	<u>2022</u>
Fixed-income securities	4.93%	2.58%
Domestic equity	8.00%	4.25%
International equity	9.80%	6.50%
Cash equivalents	2.40%	1.30%

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**METROPOLITAN LIBRARY COMMISSION OF
OKLAHOMA COUNTY**

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(6) RETIREMENT PLANS, CONTINUED

Defined Benefit Pension Plan, Continued

Net Pension Liability, Continued

Discount Rate—The discount rate used to measure the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at rates equal to the differences between actuarially determined contribution rates and the member rate. Based on these assumptions, the Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on the Plan’s investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at June 30, 2022	\$ 15,387,163	10,938,137	4,449,026
Changes for the year:			
Service cost	121,395	-	121,395
Interest	1,046,834	-	1,046,834
Differences between expected and actual experience	68,957	-	68,957
Contribution—employer	-	1,000,000	(1,000,000)
Contribution—employee	-	23,672	(23,672)
Net investment income	-	1,192,432	(1,192,432)
Benefit payments, including refunds of employee contributions	(864,775)	(864,775)	-
Net changes	372,411	1,351,329	(978,918)
Balance at June 30, 2023	\$ 15,759,574	12,289,466	3,470,108

See Independent Auditors’ Report.

**METROPOLITAN LIBRARY COMMISSION OF
OKLAHOMA COUNTY**

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(6) RETIREMENT PLANS, CONTINUED

Defined Benefit Pension Plan, Continued

Changes in the Net Pension Liability, Continued

	Increase (Decrease)		
	Total Pension	Fiduciary	Net Pension
	Liability	Net Position	Liability
	(a)	(b)	(a) - (b)
Balance at June 30, 2021	\$ 15,083,766	12,251,175	2,832,591
Changes for the year:			
Service cost	135,050	-	135,050
Interest	1,029,112	-	1,029,112
Differences between expected and actual experience	(38,775)	-	(38,775)
Changes in assumptions	(57,669)	-	(57,669)
Contribution—employer	-	555,520	(555,520)
Contribution—employee	-	24,815	(24,815)
Net investment income	-	(1,129,052)	1,129,052
Benefit payments, including refunds of employee contributions	(764,321)	(764,321)	-
Net changes	303,397	(1,313,038)	1,616,435
Balance at June 30, 2022	\$ 15,387,163	10,938,137	4,449,026

See Independent Auditors' Report.

**METROPOLITAN LIBRARY COMMISSION OF
OKLAHOMA COUNTY**

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(6) RETIREMENT PLANS, CONTINUED

Defined Benefit Pension Plan, Continued

Changes in the Net Pension Liability, Continued

Sensitivity of the Net Pension Liability to Changes in the Discount Rate—The following presents the net pension liability of the Library calculated using the discount rate of 7.0%, as well as what the Plan’s net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.0%) or 1 percentage point higher (8.0%) than the current rate:

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
<u>June 30, 2023</u>			
Net pension liability	\$ 4,914,202	3,470,108	2,208,239
<u>June 30, 2022</u>			
Net pension liability	\$ 5,981,707	4,449,026	3,138,137

The Plan’s Fiduciary Net Position—Detailed information about the Plan’s fiduciary net position is available in Note 2.

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

For the years ended June 30, 2023 and 2022, the Library recognized pension expense of \$908,782 and \$790,539, respectively.

Pension expense was computed as follows for the years ended June 30:

	<u>2023</u>	<u>2022</u>
Service cost	\$ 121,395	135,050
Interest on total pension liability	1,046,834	1,029,112
Differences in expected and actual experiences	446,034	357,317
Changes in assumptions	(47,803)	(45,720)
Employee contributions	(23,672)	(24,815)
Projected earnings on investments	(771,232)	(851,143)
Differences between projected earnings and actual	137,226	190,738
	<u>\$ 908,782</u>	<u>790,539</u>

See Independent Auditors’ Report.

**METROPOLITAN LIBRARY COMMISSION OF
OKLAHOMA COUNTY**

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(6) RETIREMENT PLANS, CONTINUED

Defined Benefit Pension Plan, Continued

*Pension Expense, Deferred Outflows of Resources, and
Deferred Inflows of Resources Related to Pensions, Continued*

At June 30, the Library reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
<u>2023</u>		
Differences between expected and actual experience	\$ 1,475,749	57,299
Changes of assumptions	-	73,822
Net difference between projected and actual earnings on Pension Fund investments	<u>1,403,698</u>	<u>1,210,684</u>
	<u>\$ 2,879,447</u>	<u>1,341,805</u>
<u>2022</u>		
Differences between expected and actual experience	\$ 2,258,041	462,514
Changes of assumptions	-	121,625
Net difference between projected and actual earnings on Pension Fund investments	<u>2,062,026</u>	<u>1,310,586</u>
	<u>\$ 4,320,067</u>	<u>1,894,725</u>

As of June 30, 2023, amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Years Ending June 30,</u>	
2024	\$ 854,105
2025	443,952
2026	321,444
2027	<u>(81,859)</u>
	<u>\$ 1,537,642</u>

See Independent Auditors' Report.

(6) **RETIREMENT PLANS, CONTINUED**

Defined Contribution Plan

Effective August 29, 2005, the Metropolitan Library System Defined Contribution Plan (the "Contribution Plan") was established. The Contribution Plan is intended to be a governmental plan as defined in Internal Revenue Code Section 414(d), and is to be approved and qualified by the Internal Revenue Service as satisfying the governmental plan requirements of Sections 401(a) and 501(a) and other pertinent provisions of the Internal Revenue Code of 1986. Under the Contribution Plan, the employer's contribution shall be discretionary, to be determined by the employer, and is available to all participants. During both 2023 and 2022, the Library contributed 10% of each participant's compensation. Participants are fully vested in the employer's contributions after 3 years of credited service. Participants may make voluntary contributions of 4% or 6% of compensation before tax. Participants are fully vested in the voluntary contributions. Participants may direct the Contribution Plan's trustee in the investment of their individual account balances. Normal retirement age is the latter of a participant's 65th birthday or the 5th anniversary of the first day of the plan year in which participation in the Contribution Plan commenced. For the years ended June 30, 2023 and 2022, the Library's contribution to the Contribution Plan was \$1,363,488 and \$1,036,531, respectively.

Deferred Compensation Plan

The Library offers its employees a Deferred Compensation Plan as authorized by Section 457 of the Internal Revenue Code, as amended by the Tax Reform Act of 1986, and in accordance with the provisions of Sections 1701 through 1706 of Title 74 of the Oklahoma Statutes.

The Deferred Compensation Plan is available to all Library employees. Employees may direct the investment of their contributions in available investment options offered by the Deferred Compensation Plan. All interest, dividends, and investment fees are allocated to employees' accounts. For the years ended June 30, 2023 and 2022, employee contributions to the Deferred Compensation Plan totaled approximately \$143,000 and \$152,000, respectively.

**METROPOLITAN LIBRARY COMMISSION OF
OKLAHOMA COUNTY**

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(7) OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Description

The Library participates in a self-insurance health plan (see Note 8), which is a non-trusted single-employer plan that provides for employee and dependent healthcare coverage from the date of retirement, provided the participant was covered by the self-insurance health plan before retiring.

In conjunction with providing the postretirement medical benefits through the self-insurance health plan, the Library determined that an OPEB liability existed. The Library calculated the self-insurance health plan OPEB liability at June 30, 2023 and 2022, and it is reflected in the accompanying financial statements.

The self-insurance health plan provides members with postretirement medical benefits if the retiree and spouse pay the full active premium. Participants in the self-insurance health plan can elect to enroll in special coverage, and surviving spouses may continue in the self-insurance health plan. Contributions to the self-insurance health plan are made by both the participant and the Library on a “pay as you go” basis.

**OPEB Liability, OPEB Expense, Deferred Outflows of Resources, and
Deferred Inflows of Resources Related to OPEB**

At June 30, 2023 and 2022, the Library reported a liability for the self-insurance health plan OPEB. The Library used a measurement date and valuation date of July 1, 2022, and July 1, 2021, to calculate the total self-insurance health plan OPEB liability at June 30, 2023 and 2022, respectively.

As of June 30, 2023 and 2022, the Library reported the following changes in the total OPEB liability:

	<u>2023</u>	<u>2022</u>
Total OPEB liability, beginning	\$ 2,018,659	1,223,719
Changes for the year:		
Service cost	240,715	297,845
Interest	43,603	27,044
Differences between expected and actual experience	131,826	309,928
Changes in assumptions	(249,703)	353,920
Estimated benefit payments	(148,800)	(193,797)
Net changes	<u>17,641</u>	<u>794,940</u>
Total OPEB liability, ending	<u>\$ 2,036,300</u>	<u>2,018,659</u>

See Independent Auditors’ Report.

**METROPOLITAN LIBRARY COMMISSION OF
OKLAHOMA COUNTY**

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(7) OTHER POSTEMPLOYMENT BENEFITS, CONTINUED

**OPEB Liability, OPEB Expense, Deferred Outflows of Resources, and
Deferred Inflows of Resources Related to OPEB, Continued**

For the years ended June 30, 2023 and 2022, the Library recognized OPEB expense of \$201,785 and \$211,559, respectively. At June 30, the Library reported deferred outflows of resources and deferred inflows of resources related to the self-insurance health plan OPEB liability from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
<u>2023</u>		
Changes of assumptions	\$ 452,616	313,825
Differences between expected and actual experience	<u>392,231</u>	<u>104,874</u>
	<u>\$ 844,847</u>	<u>418,699</u>
<u>2022</u>		
Changes of assumptions	\$ 512,007	113,322
Differences between expected and actual experience	<u>325,681</u>	<u>114,074</u>
	<u>\$ 837,688</u>	<u>227,396</u>

As of June 30, 2023, amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Years Ending June 30,</u>	
2024	\$ 66,267
2025	66,267
2026	66,317
2027	67,675
2028	70,591
Thereafter	<u>89,031</u>
	<u>\$ 426,148</u>

See Independent Auditors' Report.

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(7) OTHER POSTEMPLOYMENT BENEFITS, CONTINUED

Actuarial Methods and Assumptions

The total self-insurance health plan OPEB liability June 30, 2023 and 2022 was determined based on actuarial valuations prepared using a July 1, 2022, and July 1, 2021, measurement date, respectively, using the following actuarial assumptions:

- Investment return—Not applicable, as the self-insurance health plan is unfunded, and benefits are not paid from a qualifying trust
- Mortality rates—Pub-2010 Total General Employee Data Set Headcount Weighted Mortality Table with generational projection of mortality improvements using the MP-2021 Projection Scale.
- Salary scale—3% per year
- Plan participation—50% of retired employees are assumed to participate in the self-insurance health plan.
- Marital assumptions—None
- Plan entry date is the date of hire
- Actuarial cost method—Entry age normal based upon salary
- Healthcare trend rate—A level 4.00%

At June 30, 2023, the self-insurance health plan had total participants of 270, consisting of 250 active participants and 20 retirees or surviving spouses. At June 30, 2022, the self-insurance health plan had total participants of 253, consisting of 238 active participants and 15 retirees or surviving spouses.

Discount Rate

The discount rate used to measure the total OPEB liability was 3.50% and 2.16% for June 30, 2023 and 2022, respectively. The discount rate was determined using a 20-year Municipal Bond AA rate.

**METROPOLITAN LIBRARY COMMISSION OF
OKLAHOMA COUNTY**

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(7) OTHER POSTEMPLOYMENT BENEFITS, CONTINUED

**Sensitivity of the Total OPEB Liability to Changes in the Discount Rate and
Healthcare Trend Rate**

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate—The following presents the total self-insurance health plan OPEB liability of the Library calculated using the discount rate of 3.50% and 2.16% for 2023 and 2022, respectively, as well as what the Library’s total self-insurance health plan OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease <u>(2.50%)</u>	Current Discount Rate <u>(3.50%)</u>	1% Increase <u>(4.50%)</u>
<u>June 30, 2023</u>			
Total OPEB liability	\$ <u>2,307,088</u>	<u>2,036,300</u>	<u>1,825,924</u>
	1% Decrease <u>(1.16%)</u>	Current Discount Rate <u>(2.16%)</u>	1% Increase <u>(3.16%)</u>
<u>June 30, 2022</u>			
Total OPEB liability	\$ <u>2,287,101</u>	<u>2,018,659</u>	<u>1,810,106</u>

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Trend Rate—The following presents the total OPEB liability calculated using the healthcare trend rate of 4.00% for both 2023 and 2022, as well as what the liability would be if it were calculated using a healthcare trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease in Healthcare Trend Rate <u>(3.00%)</u>	Current Healthcare Trend Rate <u>(4.00%)</u>	1% Increase in Healthcare Trend Rate <u>(5.00%)</u>
<u>June 30, 2023</u>			
Total OPEB liability	\$ <u>1,827,672</u>	<u>2,036,300</u>	<u>2,281,700</u>
<u>June 30, 2022</u>			
Total OPEB liability	\$ <u>1,811,839</u>	<u>2,018,659</u>	<u>2,261,933</u>

See Independent Auditors’ Report.

**METROPOLITAN LIBRARY COMMISSION OF
OKLAHOMA COUNTY**

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(8) SELF-INSURANCE RISK OF LOSS

The Library operates a self-insurance plan to fund its employee health benefits. The Library purchased insurance policies to limit its maximum possible benefit cost on both an employee basis and an aggregate basis. The Library has a contract with a third-party administrator to operate the self-insurance plan. For the years ended June 30, 2023 and 2022, the Library has limited its risk of loss by purchasing insurance to pay an individual's claim in excess of \$120,000 and \$110,000, respectively.

The carrying amount of liabilities for unpaid claims is equal to the amount of claims unpaid but due at year-end. This amount has been determined by the third-party administrator.

Changes in the claims liability amounts for the years ended June 30 were:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Balance, beginning of year	\$ 504,896	432,776	208,775
Current year claims	3,384,672	3,877,751	4,293,354
Claim payments	<u>(3,576,883)</u>	<u>(3,805,631)</u>	<u>(4,069,353)</u>
Balance, end of year	<u>\$ 312,685</u>	<u>504,896</u>	<u>432,776</u>

(9) RISK MANAGEMENT

The Library is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; or natural disasters for which the Library carries commercial insurance. There have been no significant reductions in coverage from the prior year, and settlements have not exceeded coverage in the past 3 years.

(10) COMMITMENTS AND CONTINGENCIES

Leases

The Library leases 19 branch buildings from the area cities and Oklahoma City. All the branch buildings, except for the temporary Belle Isle location and the Almonte Shopping Center library building, are leased for \$1 per year or no rent is charged, which are considered to be non-exchange transactions. The terms of the non-exchange transaction leases are for periods of 1 year and automatically renew each year for a total term of 10 to 15 years unless written notice is given by either party of its intent not to renew. Under the leases, the Library generally provides for maintenance, utilities, repairs, and liability insurance; however, certain municipalities cost share with the Library on repairs and maintenance costs. During 2022, the temporary Belle Isle location was being leased for \$17,000 per month. The temporary Belle Isle location lease expired in April 2022. During 2023 and 2022, the Almonte Shopping Center library building was being leased for approximately \$8,400 per month through December 2022, and then increased to \$10,000 per month in January 2023. The Almonte Shopping Center library location lease expired in August 2023. The City of Oklahoma City reimburses the Library for the Almonte Shopping Center library location lease, which is included in other revenues on the governmental funds statement of revenues, expenditures, and changes in fund balance and included in administrative charges for services on the government-wide statement of activities.

See Independent Auditors' Report.

**METROPOLITAN LIBRARY COMMISSION OF
OKLAHOMA COUNTY**

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(10) COMMITMENTS AND CONTINGENCIES, CONTINUED

Leases, Continued

The Library's non-exchange leases do not meet the definition of a lease under GASB 87, and are therefore scoped out of the standard. The Almonte Shopping Center lease does meet the GASB 87 scope; however, the Library did not record a lease asset or lease liability for such lease as of June 30, 2023 or 2022, in its government-wide financial statement of net position, as the respective amounts were considered to be immaterial. The Library expenses its leases as the leases are incurred. Total lease expense for the years ended June 30, 2023 and 2022, approximated \$109,000 and \$270,000, respectively.

Legal

From time to time, the Library is involved in certain legal proceedings arising in the normal course of business. In the opinion of management and counsel, the ultimate disposition of such proceedings will not have a material effect on the Library's financial statements.

See Independent Auditors' Report.

**METROPOLITAN LIBRARY COMMISSION OF
OKLAHOMA COUNTY**

**SUPPLEMENTARY INFORMATION REQUIRED BY
GOVERNMENTAL ACCOUNTING STANDARDS BOARD
STATEMENT NO. 34**

**METROPOLITAN LIBRARY COMMISSION OF
OKLAHOMA COUNTY**

Schedule I

BUDGETARY COMPARISON SCHEDULE—GENERAL FUND (UNAUDITED)

Year Ended June 30, 2023

	Budgeted Amounts— <u>Original</u>	Budgeted Amounts— <u>Final</u>	Actual Amounts— Modified <u>Accrual Basis</u>	Modified Accrual to Budgetary Basis <u>Adjustments</u>	Actual Amounts— Budgetary <u>Basis</u>	Variance with Final Budget— Positive <u>(Negative)</u>
Budgetary fund balance, beginning of year:						
Carryover funds	\$ 10,005,163	13,253,997	13,162,525	(711,034)	13,873,559	619,562
Capital reserve	24,534,260	24,534,260	24,534,260	-	24,534,260	-
	<u>34,539,423</u>	<u>37,788,257</u>	<u>37,696,785</u>	<u>(711,034)</u>	<u>38,407,819</u>	<u>619,562</u>
Resources (inflows):						
Property taxes	38,653,116	41,291,803	45,478,617	38,219	45,440,398	4,148,595
Collections on book fines and copy services	90,531	126,275	403,001	1,733	401,268	274,993
State revenue	181,800	127,869	198,514	-	198,514	70,645
Investment earnings	-	-	1,469,050	-	1,469,050	1,469,050
Other	-	-	192,085	-	192,085	192,085
Total resources (inflows)	<u>38,925,447</u>	<u>41,545,947</u>	<u>47,741,267</u>	<u>39,952</u> ⁽¹⁾	<u>47,701,315</u>	<u>6,155,368</u>
Charges to appropriations:						
Personnel services	28,633,500	30,229,418	25,164,769	182,456	24,982,313	5,247,105
Maintenance and operations:						
Contractual services	7,515,038	8,307,262	6,157,718	(142,974)	6,300,692	2,006,570
Commodities	1,260,907	1,276,407	1,247,573	(29,487)	1,277,060	(653)
Capital outlays—operations	<u>10,021,165</u>	<u>10,521,150</u>	<u>7,409,682</u>	<u>-</u>	<u>7,409,682</u>	<u>3,111,468</u>
Total charges to appropriations	<u>47,430,610</u>	<u>50,334,237</u>	<u>39,979,742</u>	<u>9,995</u> ⁽²⁾	<u>39,969,747</u>	<u>10,364,490</u>
Net changes in budgetary fund balance	(8,505,163)	(8,788,290)	7,761,525	29,957	7,731,568	16,519,858
Budgetary fund balance, end of year:						
Carryover funds	1,500,000	4,465,707	20,924,050	(681,077)	21,605,127	17,139,420
Capital reserve	24,534,260	24,534,260	24,534,260	-	24,534,260	-
	<u>\$ 26,034,260</u>	<u>28,999,967</u>	<u>45,458,310</u>	<u>(681,077)</u>	<u>46,139,387</u>	<u>17,139,420</u>

See Independent Auditors' Report.

BUDGETARY COMPARISON SCHEDULE—GENERAL FUND (UNAUDITED), CONTINUED

Year Ended June 30, 2022

	Budgeted Amounts— <u>Original</u>	Budgeted Amounts— <u>Final</u>	Actual Amounts— Modified <u>Accrual Basis</u>	Modified Accrual to Budgetary Basis <u>Adjustments</u>	Actual Amounts— Budgetary <u>Basis</u>	Variance with Final Budget— Positive <u>(Negative)</u>
Budgetary fund balance, beginning of year:						
Carryover funds	\$ 9,891,304	11,812,069	12,788,666	(1,832,008)	14,620,674	2,808,605
Capital reserve	21,091,124	21,091,124	20,091,124	-	20,091,124	(1,000,000)
	<u>30,982,428</u>	<u>32,903,193</u>	<u>32,879,790</u>	<u>(1,832,008)</u>	<u>34,711,798</u>	<u>1,808,605</u>
Resources (inflows):						
Property taxes	37,676,447	38,653,116	42,515,590	223,348	42,292,242	3,639,126
Collections on book fines and copy services	164,539	140,305	274,523	2,243	272,280	131,975
State revenue	30,000	142,077	203,492	-	203,492	61,415
Investment earnings	-	-	79,714	-	79,714	79,714
Other	-	-	191,052	-	191,052	191,052
Total resources (inflows)	<u>37,870,986</u>	<u>38,935,498</u>	<u>43,264,371</u>	<u>225,591</u> ⁽¹⁾	<u>43,038,780</u>	<u>4,103,282</u>
Charges to appropriations:						
Personnel services	27,961,032	27,765,594	22,916,236	(887,592)	23,803,828	3,961,766
Maintenance and operations:						
Contractual services	7,206,435	7,351,945	5,672,770	(6,622)	5,679,392	1,672,553
Commodities	1,159,495	1,156,595	1,022,339	(1,169)	1,023,508	133,087
Capital outlays—operations	<u>10,435,328</u>	<u>11,030,297</u>	<u>8,836,031</u>	<u>-</u>	<u>8,836,031</u>	<u>2,194,266</u>
Total charges to appropriations	<u>46,762,290</u>	<u>47,304,431</u>	<u>38,447,376</u>	<u>(895,383)</u> ⁽²⁾	<u>39,342,759</u>	<u>7,961,672</u>
Net changes in budgetary fund balance	(8,891,304)	(8,368,933)	4,816,995	1,120,974	3,696,021	12,064,954
Budgetary fund balance, end of year:						
Carryover funds	1,000,000	-	17,605,661	(711,034)	18,316,695	18,316,695
Capital reserve	<u>21,091,124</u>	<u>24,534,260</u>	<u>20,091,124</u>	<u>-</u>	<u>20,091,124</u>	<u>(4,443,136)</u>
	<u>\$ 22,091,124</u>	<u>24,534,260</u>	<u>37,696,785</u>	<u>(711,034)</u>	<u>38,407,819</u>	<u>13,873,559</u>

See Independent Auditors' Report.

**METROPOLITAN LIBRARY COMMISSION OF
OKLAHOMA COUNTY**

BUDGETARY COMPARISON SCHEDULE—GENERAL FUND (UNAUDITED), CONTINUED

<i>Years Ended June 30,</i>	<i>2023</i>	<i>2022</i>
Budget-to-actual reconciliation:		
<hr/>		
(1) Revenues on a budgetary basis are based on cash received rather than the modified accrual basis used for financial reporting, and the Revolving Fund is not reported as part of the General Fund for budgetary purposes.	\$ 39,952	225,591
(2) Expenditures on a budgetary basis are based on cash paid rather than the modified accrual basis used for financial reporting. Under the modified accrual basis, expenditures are recorded when obligations are incurred. In addition, the Revolving Fund is not reported as part of the General Fund for budgetary purposes.	<u>(9,995)</u>	<u>895,383</u>
Total budget-to-actual reconciliation	<u>\$ 29,957</u>	<u>1,120,974</u>

Note: Under the budgetary basis of accounting, revenues are recognized when they are received rather than when they are earned. Purchases of materials, outside services, and capital outlays are recognized as expenditures when the commitment to purchase is made (encumbered).

See Independent Auditors' Report.

**METROPOLITAN LIBRARY COMMISSION OF
OKLAHOMA COUNTY**

**SUPPLEMENTARY INFORMATION REQUIRED BY
GOVERNMENTAL ACCOUNTING STANDARDS BOARD
STATEMENTS NO. 67 AND NO. 68**

SCHEDULE OF CHANGES IN NET PENSION LIABILITY—
DEFINED BENEFIT PENSION PLAN

Last 10 Fiscal Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability										
Service cost	\$ 121,395	135,050	156,600	172,005	203,200	257,595	331,469	379,654	440,000	459,906
Interest	1,046,834	1,029,112	1,034,745	1,765,237	1,946,001	2,030,008	2,069,330	2,058,626	1,963,789	1,937,455
Differences between expected and actual experience	68,957	(38,775)	3,792,905	164,347	(415,989)	(1,465,033)	(989,443)	(38,374)	601,322	(767,420)
Changes in assumptions	-	(57,669)	(56,532)	(63,444)	(59,513)	-	-	-	125,003	246,053
Benefit payments, including refunds of member contributions	(864,775)	(764,321)	(1,123,438)	(1,269,792)	(2,040,696)	(2,004,643)	(1,941,568)	(1,793,103)	(1,636,804)	(1,322,954)
Purchase of annuities	-	-	(12,740,632)	(5,201,595)	-	-	-	-	-	-
Net change in total pension liability	372,411	303,397	(8,936,352)	(4,433,242)	(366,997)	(1,182,073)	(530,212)	606,803	1,493,310	553,040
Total pension liability—beginning	15,387,163	15,083,766	24,020,118	28,453,360	28,820,357	30,002,430	30,532,642	29,925,839	28,432,529	27,879,489
Total pension liability—ending ^(a)	\$ 15,759,574	15,387,163	15,083,766	24,020,118	28,453,360	28,820,357	30,002,430	30,532,642	29,925,839	28,432,529
Plan fiduciary net position										
Contributions—employer	\$ 1,000,000	555,520	242,915	361,946	436,022	1,005,675	624,271	767,210	812,823	1,130,104
Contributions—employees	23,672	24,815	28,302	31,614	38,545	38,028	55,251	63,791	77,896	98,634
Net investment (loss) income	1,192,432	(1,129,052)	3,288,815	671,463	1,670,599	2,010,720	2,593,631	398,368	(119,212)	3,700,555
Benefit payments, including refunds of member contributions and administrative expenses	(864,775)	(764,321)	(1,163,104)	(1,327,222)	(2,102,227)	(2,093,216)	(2,046,883)	(1,854,928)	(1,694,684)	(1,390,402)
Purchase of annuities	-	-	(12,740,632)	(5,201,595)	-	-	-	-	-	-
Net change in plan fiduciary net position	1,351,329	(1,313,038)	(10,343,704)	(5,463,794)	42,939	961,207	1,226,270	(625,559)	(923,177)	3,538,891
Plan fiduciary net position—beginning	10,938,137	12,251,175	22,594,879	28,058,673	28,015,734	27,054,527	25,828,257	26,453,816	27,376,993	23,838,102
Plan fiduciary net position—ending ^(b)	\$ 12,289,466	10,938,137	12,251,175	22,594,879	28,058,673	28,015,734	27,054,527	25,828,257	26,453,816	27,376,993
Plan's net pension liability (a - b)	\$ 3,470,108	4,449,026	2,832,591	1,425,239	394,687	804,623	2,947,903	4,704,385	3,472,023	1,055,536

See Independent Auditors' Report.

See accompanying notes to required supplementary information.

METROPOLITAN LIBRARY COMMISSION OF
OKLAHOMA COUNTY

SCHEDULE OF NET PENSION LIABILITY—
DEFINED BENEFIT PENSION PLAN

Last 10 Fiscal Years

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability	\$ 15,759,574	15,387,163	15,083,766	24,020,118	28,453,360	28,820,357	30,002,430	30,532,642	29,925,839	28,432,529
Plan fiduciary net position	<u>12,289,466</u>	<u>10,938,137</u>	<u>12,251,175</u>	<u>22,594,879</u>	<u>28,058,673</u>	<u>28,015,734</u>	<u>27,054,527</u>	<u>25,828,257</u>	<u>26,453,816</u>	<u>27,376,993</u>
Plan's net pension liability	<u>\$ 3,470,108</u>	<u>4,449,026</u>	<u>2,832,591</u>	<u>1,425,239</u>	<u>394,687</u>	<u>804,623</u>	<u>2,947,903</u>	<u>4,704,385</u>	<u>3,472,023</u>	<u>1,055,536</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>77.98%</u>	<u>71.09%</u>	<u>81.22%</u>	<u>94.07%</u>	<u>98.61%</u>	<u>97.21%</u>	<u>90.17%</u>	<u>84.59%</u>	<u>88.40%</u>	<u>96.29%</u>
Covered payroll	<u>\$ 890,423</u>	<u>1,110,192</u>	<u>1,176,716</u>	<u>1,197,737</u>	<u>1,374,258</u>	<u>1,463,754</u>	<u>1,725,494</u>	<u>2,110,020</u>	<u>1,968,884</u>	<u>2,196,275</u>
Plan's net pension liability as a percentage of covered payroll	<u>389.71%</u>	<u>400.74%</u>	<u>240.72%</u>	<u>118.99%</u>	<u>28.72%</u>	<u>54.97%</u>	<u>170.84%</u>	<u>222.95%</u>	<u>176.34%</u>	<u>48.06%</u>

See Independent Auditors' Report.

See accompanying notes to required supplementary information.

METROPOLITAN LIBRARY COMMISSION OF
OKLAHOMA COUNTY

SCHEDULE OF CONTRIBUTIONS FROM EMPLOYER—
DEFINED BENEFIT PENSION PLAN

Last 10 Fiscal Years

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 525,386	554,563	242,915	361,946	436,022	1,005,675	624,271	767,210	812,823	1,130,104
Contributions in relation to the actuarially determined contribution	<u>1,000,000</u>	<u>555,520</u>	<u>242,915</u>	<u>361,946</u>	<u>436,022</u>	<u>1,005,675</u>	<u>624,271</u>	<u>767,210</u>	<u>812,823</u>	<u>1,130,104</u>
Contribution excess (deficiency)	<u>\$ 474,614</u>	<u>957</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Covered payroll	<u>\$ 890,423</u>	<u>1,110,192</u>	<u>1,176,716</u>	<u>1,197,737</u>	<u>1,374,258</u>	<u>1,463,754</u>	<u>1,725,494</u>	<u>2,110,020</u>	<u>1,968,884</u>	<u>2,196,275</u>
Contributions as a percentage of covered payroll	<u>112.31%</u>	<u>50.04%</u>	<u>20.64%</u>	<u>30.22%</u>	<u>31.73%</u>	<u>68.71%</u>	<u>36.18%</u>	<u>36.36%</u>	<u>41.28%</u>	<u>51.46%</u>

See Independent Auditors' Report.

See accompanying notes to required supplementary information.

**SCHEDULE OF INVESTMENT RETURNS—
DEFINED BENEFIT PENSION PLAN**

Last 10 Fiscal Years

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expense	10.82%	(7.67)%	20.57%	2.45%	5.91%	7.23%	9.88%	(5.51)%	(0.65)%	15.27%

See Independent Auditors' Report.

See accompanying notes to required supplementary information.

**METROPOLITAN LIBRARY COMMISSION OF
OKLAHOMA COUNTY**

**SUPPLEMENTARY INFORMATION REQUIRED BY
GOVERNMENTAL ACCOUNTING STANDARDS BOARD
STATEMENT NO. 75**

SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS

Last 6 Fiscal Years

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability:						
Service cost	\$ 240,715	297,845	171,424	118,301	95,942	68,738
Interest	43,603	27,044	27,086	32,239	30,022	24,011
Differences between expected and actual experiences	131,826	309,928	17,608	(141,674)	-	90,257
Changes of assumptions	(249,703)	353,920	233,708	(68,024)	(36,236)	(91,638)
Estimated benefit payments	<u>(148,800)</u>	<u>(193,797)</u>	<u>-</u>	<u>-</u>	<u>(95,271)</u>	<u>(95,271)</u>
Net change in total OPEB liability	17,641	794,940	449,826	(59,158)	(5,543)	(3,903)
Total OPEB liability—beginning	<u>2,018,659</u>	<u>1,223,719</u>	<u>773,893</u>	<u>833,051</u>	<u>838,594</u>	<u>842,497</u>
Total OPEB liability—ending	<u>\$ 2,036,300</u>	<u>2,018,659</u>	<u>1,223,719</u>	<u>773,893</u>	<u>833,051</u>	<u>838,594</u>
Covered employee payroll	<u>\$ 14,045,270</u>	<u>12,943,413</u>	<u>14,978,245</u>	<u>14,541,985</u>	<u>14,653,807</u>	<u>13,260,741</u>
Total OPEB liability as a percentage of covered-employee payroll	<u>14.50%</u>	<u>15.60%</u>	<u>8.17%</u>	<u>5.32%</u>	<u>5.68%</u>	<u>6.32%</u>
Discount rate	<u>3.50%</u>	<u>2.16%</u>	<u>2.21%</u>	<u>3.50%</u>	<u>3.87%</u>	<u>3.58%</u>

Note to Schedule: Only the last 6 fiscal years are presented because 10-year data is not yet available.

**METROPOLITAN LIBRARY COMMISSION OF
OKLAHOMA COUNTY**

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

**METROPOLITAN LIBRARY COMMISSION OF
OKLAHOMA COUNTY**

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2023

**(1) DEFINED BENEFIT PENSION PLAN—ACTUARIAL ASSUMPTIONS
(SCHEDULES II THROUGH V)**

The information presented in Schedule II through Schedule V was determined as part of an actuarial valuation by an independent enrolled actuary (Newport Group) at the dates indicated. Additional information as of the July 1, 2023, valuation follows:

Actuarial cost method:	Entry age normal
Amortization method:	None
Asset valuation method:	5-year smoothed market value
Actuarial assumptions:	
Investment rate of return	7%
Projected salary increases	5%
Cost-of-living adjustment	None

(2) OTHER POST EMPLOYMENT BENEFIT PLAN—QUALIFYING TRUST

The Library's self-insurance health plan is "pay as you go" and does not accumulate assets that are administered in a qualifying trust that meets the requirements of GASB Statement No. 75.

See Independent Auditors' Report.

**METROPOLITAN LIBRARY COMMISSION OF
OKLAHOMA COUNTY**

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION, CONTINUED

**(2) OTHER POST EMPLOYMENT BENEFIT PLAN—
ACTUARIAL ASSUMPTIONS (SCHEDULE VI)**

The information presented in Schedule VI was determined as part of an actuarial valuation by an independent enrolled actuary (Self-Funding Actuarial). For each fiscal year presented in the schedule the measurement date for the actuarial valuation is July 1 of the previous year. As such, the OPEB liabilities for June 30, 2023 and 2022, were determined based on actuarial valuations prepared using July 1, 2022, and July 1, 2021, measurement dates, respectively, using the following actuarial assumptions:

Mortality rates:	Pub-2010 Total General Employee Data Set Headcount Weighted Mortality Table with generational projection of mortality improvements using the MP-2021 Projection Scale.
Actuarial cost method:	Entry age normal based upon salary
Plan participation:	50% of retired employees are assumed to participate
Actuarial assumptions:	
Investment rate of return	Not applicable—unfunded plan
Projected salary increases	3% per year
Discount rate	20-year Municipal Bond AA Rate: 3.50% at June 30, 2023 and 2.16% at June 30, 2022
Healthcare trend rate	A level 4%

See Independent Auditors' Report.

**INDEPENDENT AUDITORS' 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 Commissioners
Metropolitan Library Commission of
Oklahoma County

We have audited, in accordance with the auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Metropolitan Library Commission of Oklahoma County (the "Library") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements, and have issued our report thereon dated November 29, 2023. Our report includes an explanatory paragraph disclaiming an opinion on required supplementary information.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Library's internal control over financial reporting ("internal control") as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Library's internal control. Accordingly, we do not express an opinion on the effectiveness of the Library's internal control.

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

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

(Continued)

**INDEPENDENT AUDITORS' 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*, CONTINUED**

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Library's financial statements are free from 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 financial statements. 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*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Library's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Library's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Finley & Cook, PLLC".

Shawnee, Oklahoma
November 29, 2023