

**EASTERN OKLAHOMA LIBRARY SYSTEM**

**MUSKOGEE, OKLAHOMA**

**FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT  
JUNE 30, 2021**

**JACKSON, FOX, and RICHARDSON  
A PROFESSIONAL CORPORATION  
129 'C' ST. NORTHWEST  
P.O. BOX 1171  
ARDMORE, OK 73402**

# EASTERN OKLAHOMA LIBRARY SYSTEM

*Year Ended June 30, 2021*

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EASTERN OKLAHOMA LIBRARY SYSTEM  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2021  
(Unaudited)

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FY21**

## FINANCIAL HIGHLIGHTS

- **Total Revenue** for the System was **\$5,991,831**. This is a combined total of **\$5,764,529** in General Fund and **\$227,302** in Special Revenue.
- **Total Expenditures** (before depreciation) were **\$5,619,236**. This is a combined total of **\$5,507,213** in General Fund and **\$112,023** in Special Revenue.

Total General Fund Revenue increased by **3%** from the previous year. The primary Revenue source for General Fund, county ad valorem tax, grew **4%**. Sequoyah County revenue was up **9.4 %** from the previous year, Delaware County grew by **7.8%** and Cherokee County grew by **6.2%**. Muskogee County revenue grew by **.4%**.

General Fund Expenditures increased by **2%**. Equipment purchases increased by **480%** after having negative growth the previous two years.

The System tracks money through two accounts.

**General Fund** - Ad valorem taxes, fees, interest and State Aid – same categories but new funds – that come in every year.

**Special Revenue** – Donations, book sales and grants – money given to a specific branch or department. Some branches have larger donation accounts than others.

Special Revenue is not included in the annual budget. Branches are encouraged to purchase food and consumable program supplies from Special Revenue accounts. On June 30, 2021 the total Special Revenue amount was **\$541,903**.

### **Investments**

The majority of the System's Ad Valorem taxes are received in January and February. This money is invested and is used in months when less ad valorem is received. Carryover funds, although tracked separately, are combined to create investments for the System. Interest from the investments are added into the Total Revenue for the System. Interest from investments made with Special Revenue is added back into the account that earned the interest.

**EASTERN OKLAHOMA LIBRARY SYSTEM  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2021  
(Unaudited)**

**Where did the System spend its money?**

Total FY Expenditures include General Fund and Special Revenue.

	<u>FY21</u>		<u>FY20</u>	
<b>Staff</b>	<b>\$3,668,048</b>	<b>65%</b>	<b>3,592,327</b>	<b>64%</b>
<b>Materials</b>	<b>\$ 869,247</b>	<b>15%</b>	<b>928,768</b>	<b>17%</b>
<b>Operations</b>	<b>\$ 996,140</b>	<b>18%</b>	<b>1,031,805</b>	<b>18%</b>
<b>Equipment</b>	<b>\$ 82,738</b>	<b>2%</b>	<b>28,628</b>	<b>1%</b>

**... On Staffing – Personnel**

Beginning January 1, 2020, the entire pay scale increased by **4.75%**. The starting hourly rate for clerks is now **\$11.00**. The change in the Budgeting format made raises possible for all branches. The Board's Personnel Philosophy says our employees are worth the investment and we need to stay competitive with our identified job markets. Area McDonald's are now paying **\$15.00** an hour.

The Assistant Director position was filled in October. Hiring part time personnel happens almost every month. Each branch has at least two part time clerks and the positions are frequently vacated within two years. It has become even more of a challenge this past year. Clerks accept a position and weeks (or even days) later they have resigned. The reasons vary; to take a full-time position, my other part-time job fell through, the demands of the position were more than I was able to handle. Professional positions have always been a challenge to fill. The Muskogee Branch Manager has recently resigned to accept a position at the University of Tulsa. It took several months to fill the position in 2018.

**Performance Management**

Performance evaluations are based on job descriptions, competencies and goals. Performance is rated as Outstanding, Successful or Needs Improvement. If revenue is adequate and the Board approves it, employees receiving an overall rating of Outstanding receive a performance reward.

Spring is normally the time for employee evaluations. Employees do self-evaluations at the end of March and Evaluators complete evaluations in April and May. In March 2020 the System essentially shut down for six weeks. All staff were paid during the closures. Staff went back to the buildings in May and patrons were allowed back in the buildings in June. FY21 (July 1, 2020 through June 30, 2021) all EOLS libraries were open a regular schedule. Performance Evaluations were done at the normal time in the spring.

**EASTERN OKLAHOMA LIBRARY SYSTEM  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2021  
(Unaudited)**

**...On Materials**

The System budgeted **\$900,000 for materials** last year.

	<u>% of Material - Purchased</u>	
PRINT	FY16 = 45%	FY21 = 41%
ONLINE & DOWNLOADABLE	FY16 = 28%	FY21 = 45%
AUDIO VISUAL	FY16 = 27%	FY21 = 15%

PRINT includes paper books and magazines.

ONLINE & DOWNLOADABLE includes databases and e-books.

AUDIO VISUAL includes DVD's and Books on CD.

EOLS "circulates" e-books, downloadable audio-books and e-magazines. Downloadable music is available for patrons to check-out and keep. Movies and television shows are available. In FY16 the total Materials budget was \$906,169 and 20% was allocated for e-material. In FY21 the total Materials budget was \$900,000 and 41% was allocated to e-material. Non-Traditional collections continue to grow. This year, Grove purchased metal detectors, a Ring light studio kit and a karaoke machine. Board games are popular in several libraries, Tahlequah now owns Tahlequah-opoly.

All database and online subscriptions were paid from the Support Services category. **\$375,000 was allocated to these resources and \$374,996 was spent.** All database subscriptions are available to every EOLS patron and they can access most of the databases from home. Downloadable e-material can be used on home computers, smart phones or other devices. The OK. Dept. of Libraries continues to provide access to EBSCO databases to everyone in the state.

**...On Operations**

All expenses that are not Staff, Material or Equipment are accounted for in the Operations category. These are the everyday expenses for running the branches. Sub categories include postage, supplies, advertising, insurance, travel, speakers, maintenance, rent, etc. There was a **.4% decrease** in Operations this year.

Zoom meetings were the norm in FY21. Travel expenses decreased by **78%!** There was no in-person Staff Development Day and most staff members attended continuing education webinars at their desks. Most library programs consisted of 'Make and Take' or 'Grab and Go' bags. These activity kits were available for Children and Adults. The System did try to do programming on Facebook and/or YouTube. Some speakers charged for their services, but **Program Speaker expenses decreased by 12%.** No longer collecting Overdue fines means we no longer pay for recover services. **In FY19 that was \$9,675, this year it was zero.**

We now lend Hotspots. Three branches are part of a research project from OSU which pays for some of their Hotspot costs. The Oklahoma Science Museum has partnered with three branches and it helps support their Hotspot lending. The other branches use Sprint/T-Mobile.

**EASTERN OKLAHOMA LIBRARY SYSTEM  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2021  
(Unaudited)**

The cost is \$30 per unit each month. We equate this to the cost of one hardback book and the service is very popular. Hotspots cost the System **\$14,500** in FY20 and **\$27,399** in FY21.

Support Services has been in this location for over five years now and a \$1,000 rent increase was triggered in February. The **monthly rent is now \$5,975**. We had hoped we would have a new building before we had to update the phone system at Muskogee Public, but the old System gave out in September. Support Services and Muskogee Public will come together in a new VOIP system. VOIP in Grove helps support phone services for the Jay library. Telephone costs were **up \$4,530**. We are starting to upgrade phone systems in some of the branches.

### **...On Equipment**

This category is for Equipment costing over \$500. Items less than \$500 are considered Equipment Supplies and are in the Operations category. No money was placed in the Equipment budget this year but equipment was purchased using Reserve Funds.

Serving patrons remotely and with limited staff interaction was key when purchasing equipment this year. **Every branch received at least five Chromebooks** that can be circulated to patrons. Muskogee and Tahlequah upgraded their **Self-check-out units** with a company that greatly reduced their annual licensing fees. Delaware County upgraded their telephone equipment to handle VOIP. Ft. Gibson, Haskell and Support Services bought new **photocopiers** and Support Services purchase new metal sorting tables for the Delivery area.

### **Strategic Planning**

The System's new streamlined plan began July, 1, 2019. Our vision: *A welcoming library that inspires imagination and ideas.* Our mission: *We empower people by creating opportunities that enrich their lives with information, activities and services.*

Our focus areas are:

- Information, Learning and Entertainment
- Fiscal Sustainability
- Community Collaboration
- Welcoming, Safe and Versatile Spaces

Progress has been made on all Goals. Circulation procedures were updated and online patron registration is now possible. Our App usage continues to grow. We have over **5,000 users** with platform usage evenly split between Android and iPhone users. Overdue fines were eliminated, but lost items are still billed to the patrons. Borrowers are no longer blocked from checking out material because they owe an overdue fee. There were no overdue video fines collected. Unreturned/damaged material was 11,057.43 in FY20 and \$6,629 in FY21, a decrease of 40%. At the same time **Print circulation decreased by 3%**.

**EASTERN OKLAHOMA LIBRARY SYSTEM  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2021  
(Unaudited)**

The goal to "align system revenue with strategic goals" began with a change in the way the budget is created. All revenue is now totaled and from that, each major expenditure category is budgeted. With revenue not allocated by a percentage, percentage-based branch expenditures are eliminated. Costs that cannot be attributed to a specific branch are taken from Support Services.

The System ended their contract with Resolute, a PR firm in June. Before the contract ended, New Patron folders were created for use in all branches. These folders give a polished, standardized way to give each new patron consistent Library information. Bookmarks listing all the electronic material patrons can use without coming into a branch are included in the packet.

Little work was done to create "welcoming and safe spaces" this year. Safety took precedence and social distancing is enforced. Plexiglass shields are still in place and masks are still required. The Safety Committee is preparing to make audit visits this fall.

The Adult Programming Committee and the Youth Programming Committee tried to "create online and interactive programming." Much work was needed to create online programming with very little viewership. Grab-n-Go craft bags are popular. Keeping the library relevant on social media is never-ending. Scheduled announcement means patrons can see new posts from the System any hour of the day (or night.)

Branch Managers in Delaware and Sequoyah counties have begun the groundwork for mill levy campaigns. Identifying influential members of the communities is key. Working with county commissioners and town administrators will start this fall. "Improving system-wide funding" will be a challenge, but so necessary. Campaigns to increase funding haven't happened in the last decade.

Several grants were awarded to EOLS this year. "Grow with Google" allowed us to upgrade our Wi-Fi connections; ALA awarded Hulbert, Muldrow and Warner "Libraries Transform Communities" grants to host community conversations. "Health Literacy" is an ongoing concern for the Checotah library where ODL awarded them a grant allowing the library to create a community garden. The Muscogee Creek Nation and the Eufaula library worked together to create a Storywalk along Lake Eufaula. Stilwell and Checotah created Storywalks in their community parks in previous years.

### **Budgetary Highlights**

All Revenue received is placed in the Operating Budget. The Operating Budget includes. **A) Ad Valorem, B) State Aid, C) Miscellaneous revenue, D) Interest, E) City/County Support and F) Carryover.** This is considered the Budgeted Revenue.

After the Total Budgeted Revenue is determined – Expenditures are calculated. The Operating Budget Expenditures include **A) Emergency Reserve, B) Salaries, C) Materials, D) Operations and E) Equipment.**

**EASTERN OKLAHOMA LIBRARY SYSTEM  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2021  
(Unaudited)**

General Fund expenses include some operational costs for all branches like property revaluation fees and System-wide E-material. The Emergency Reserve is equal to three months' of Operational Expenses. Salaries include all Support Staff and Branch staff. Branch Materials and Operations are determined by size of community served and a three-year history of expenses. Equipment purchases are determined by the Strategic Plan, individual Space Plans, the availability of funds and a history of previous purchases. Grant Funds and Donations are Special Revenue and are tracked and expended by Location.

**End of FY21 recap**

	<u>Budget</u>	<u>Expenditures</u>	<u>% Unspent</u>
Stilwell	176,140	161,492	8%
Westville	144,105	138,258	4%
Tahlequah	567,225	528,193	7%
Hulbert	101,405	95,574	6%
Grove	382,985	355,778	7%
Jay	237,975	225,981	5%
Kansas	107,605	102,831	4%
Checotah	249,215	245,271	2%
Eufaula	203,175	194,544	4%
Haskell	90,970	79,021	13%
Muskogee	1,335,510	1,286,869	4%
Ft. Gibson	197,040	189,456	4%
Warner	111,105	96,437	13%
Sallisaw	219,040	208,556	1%
Muldrow	126,905	114,529	10%
Support Services	1,421,000	1,412,047	.6%



**EASTERN OKLAHOMA LIBRARY SYSTEM  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2021  
(Unaudited)**

## **Highlights of Service Provided in FY21**

Even though our doors were open for regularly scheduled hours in FY21, there was reduced occupancy, time limits constraints and a reduction of computers available for visitors.

- Online patron registration for a library card is now possible!
- **A new Assistant Director was hired!**
- E-Circulation increased by 11%!
- **Purposeful Online fundraising was initiated to fund "Extreme Animals" as a Summer Reading Program.**
- **Over 300,000** patrons entered our libraries while many were served curbside.
- **Almost 94,000** people used our Wi-Fi.
- **26,000** patrons used our public computers!
- Hotpots have circulated over **4,200 times** since they were purchased last year
- **Webcams and microphones were purchased for each branch**

EOLS: A welcoming library that inspires imagination and ideas!

---

Mary J.S. Moroney, Executive Director

Amanda Spaulding, Business Manager

**EASTERN OKLAHOMA LIBRARY SYSTEM**  
**COMBINED STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND**  
**BALANCES--BUDGET AND ACTUAL--GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**  
(Unaudited)

	<b>Proposed Budget</b>	<b>Approved Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b><u>REVENUES</u></b>				
Ad Valorem, Sales Tax & City Support	\$ 4,492,377	\$ 4,850,384	\$ 5,529,010	\$ 678,626
Oklahoma Dept of Libraries State Aid	82,985	82,985	88,358	5,373
Other Grants/Donations				-
Other Revenues	110,000	70,000	80,133	10,133
Interest Revenue	35,000	27,000	14,063	(12,937)
McIntosh Co Sales Tax/Muldraw City Support/Fort Gibson City Support	120,493	125,347	125,347	-
<b>Total Revenues</b>	<b>4,840,855</b>	<b>5,155,716</b>	<b>5,836,911</b>	<b>681,195</b>
<b><u>EXPENDITURES</u></b>				
Staff Expenditures	3,865,500	3,797,900	3,668,048	129,852
Supplies & Other Expenditures	957,700	973,500	900,626	72,874
<b>Total Expenditures</b>	<b>4,823,200</b>	<b>4,771,400</b>	<b>4,568,674</b>	<b>202,726</b>
<b>NET INCREASE (DECREASE)</b>	<b>17,655</b>	<b>384,316</b>	<b>1,268,238</b>	<b>883,922</b>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Capital outlay				
Informational materials (books)	(875,000)	(900,000)	(866,158)	33,842
Equipment and furnishings	-	-	(72,382)	(72,382)
FY20 Revenue carryover	857,345	515,684	938,540	422,856
<b>Total Other Financing Sources</b>	<b>(17,655)</b>	<b>(384,316)</b>	<b>0</b>	<b>384,316</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,268,238</b>	<b>\$ 1,268,238</b>

Revenue carryovers and grant funding cover budget deficiencies.

The above budget to actual does not include depreciation expense, but rather budgets actual capital outlays.

**EASTERN OKLAHOMA LIBRARY SYSTEM  
GASB 68 PENSION SCHEDULES AND RELATED RATIOS  
FOR THE YEAR ENDED JUNE 30, 2021**

Schedule 1  
Schedule of Proportionate Shares

	2020	2019	2018	2017	2016	2015	2014
Library proportion of the net pension liability	0.11404371%	0.12622963%	0.11081704%	0.11381894%	0.10044798%	0.10563111%	0.10898829%
Library proportional share of the net pension liability	\$ 1,017,456	\$ 168,123	\$ 216,141	\$ 615,377	\$ 996,676	\$ 379,938	\$ 1,214,500
Library covered-employee payroll	2,066,964	2,006,290	1,959,767	1,863,503	1,805,796	1,700,031	1,835,549
Library proportionate share of the net pension liability as a percentage of covered payroll	49.22%	8.38%	11.03%	33.02%	55.19%	22.35%	66.17%
OPERS fiduciary net position as a percentage of the total pension liability	98.63%	98.63%	97.96%	94.28%	89.48%	96.00%	97.90%

Schedule 2  
Schedule of Contributions

	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 312,766	\$ 332,226	\$ 286,334	\$ 306,169	\$ 297,751	\$ 308,106	\$ 304,667
Contributions in relation the contractually required contributions	315,343	329,378	287,460	309,563	299,644	305,860	306,502
Contribution deficiency (excess)	(2,577)	2,848	(1,126)	(3,394)	(1,893)	2,246	(1,835)
Library's covered employee payroll	2,066,964	2,006,290	1,959,767	1,863,503	1,805,796	1,700,031	1,835,549
Contributions as a percentage of covered employee payroll	15.26%	16.42%	14.67%	16.61%	16.59%	17.99%	16.70%

**Notes to schedule:**

GASB Statement 68 requires the information presented in the above schedules cover the 10 most recent fiscal years. The information above covers the period retroactive to the adoption of GASB Statement 68 and is the latest information available.

**Benefit Changes:** Information to present a 10-year history is not readily available

**Changes in Actuarial Assumptions:** Information to present a 10-year history is not readily available

**EASTERN OKLAHOMA LIBRARY SYSTEM  
GASB 75 OPEB SCHEDULES AND RELATED RATIOS  
FOR THE YEAR ENDED JUNE 30, 2021**

Schedule 1

Schedule of Proportionate Shares

	2020	2019	2018	2017
Library proportion of the OPEB liability	0.11404371%	0.12622963%	0.11081704%	0.11381894%
Library proportional share of the OPEB liability	\$ (53,467)	\$ (49,073)	\$ (14,341)	\$ 13,037
Library covered-employee payroll	2,066,964	2,006,290	1,959,767	1,805,796
Library proportionate share of the OPEB liability as a percentage of covered payroll	-2.59%	-2.45%	-0.73%	0.72%
OPERS fiduciary net position as a percentage of the total OPEB liability	112.11%	112.11%	103.94%	96.50%

Schedule 2

Schedule of Contributions

	2020	2019	2018	2017
Contractually required contribution	\$ 21,937	\$ 23,660	\$ 21,144	\$ 21,430
Contributions in relation the contractually required contributions	22,458	24,322	20,120	21,667
Contribution deficiency (excess)	(521)	(662)	1,024	(237)
Library's covered employee payroll	2,066,964	2,006,290	1,959,767	1,805,796
Contributions as a percentage of covered employee payroll	1.09%	1.21%	1.03%	1.20%

Notes to schedule:

GASB Statement 75 requires the information presented in the above schedules cover the 10 most recent fiscal years. The information above covers the period retroactive to the adoption of GASB Statement 75 and is the latest information available.

Benefit Changes: Information to present a 10-year history is not readily available

Changes in Actuarial Assumptions: Information to present a 10-year history is not readily available

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Eastern Oklahoma Library System  
Muskogee, Oklahoma

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Eastern Oklahoma Library System (the Library), as of and for the year ended June 30, 2021 and the related notes to the financial statements, which collectively comprise the Eastern Oklahoma Library System's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Eastern Oklahoma Library System as of June 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

**Required Supplementary Information**

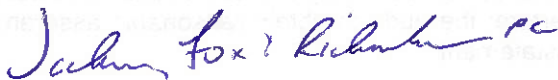
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-9, the Statement of Revenues and Expenses-General Fund-Budget to Actual on page 10, and the Pension/OPEB Schedules on pages 11-12 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Other Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Library's basic financial statements. The Schedule of State Financial Assistance and Schedules of Combined Expenditures are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated September 24, 2021, on our consideration of the Library's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Library's internal control over financial reporting and compliance.



Ardmore, Oklahoma  
September 24, 2021

**EASTERN OKLAHOMA LIBRARY SYSTEM**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2021**

<u>ASSETS AND OTHER DEBITS</u>	General	Special Revenue	Totals
<b>Assets:</b>			
Cash and Cash Equivalents	\$ 3,623,200	\$ 639,017	\$ 4,262,217
Receivables			
Ad Valorem Tax	116,440		116,440
Prepaid Expenditures	-		-
OPEB Asset	53,468		53,468
<b>Property, Plant and Equipment:</b>			
Informational materials	10,952,942	132,672	11,085,614
Furniture and equipment	2,497,903		2,497,903
Fine Art	87,046		87,046
Less: Accumulated depreciation	(10,599,806)	(105,277)	(10,705,083)
<b>Total Assets and Other Debits</b>	<b>\$ 6,731,193</b>	<b>\$ 666,412</b>	<b>\$ 7,397,605</b>
Deferred Outflows of Resources	\$ 847,952	\$ -	\$ 847,952
<u><b>LIABILITIES, EQUITY AND OTHER CREDITS</b></u>			
<b>Liabilities:</b>			
Accounts Payable	\$ 32,780	\$ 2,273	\$ 35,053
Compensated Absences Payable	169,776		169,776
Accrued Payroll and Related Costs	147,325		147,325
Net Pension Liability	1,017,456		1,017,456
<b>Total Liabilities</b>	<b>\$ 1,367,337</b>	<b>\$ 2,273</b>	<b>\$ 1,369,610</b>
Deferred Inflow of Resources	\$ 49,518	\$ -	\$ 49,518
<b>Net Position:</b>			
Net Investment in Capital Assets	2,938,085	27,395	2,965,481
Restricted		636,744	636,744
Unrestricted	3,224,205		3,224,205
<b>Total Net Position</b>	<b>\$ 6,162,291</b>	<b>\$ 664,139</b>	<b>\$ 6,826,430</b>

The accompanying notes are an integral part of this financial statement

**EASTERN OKLAHOMA LIBRARY SYSTEM  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2021**

Primary Government	Expenses	Program Revenues		Net (Expense) Revenue and Change in Net Assets
		Charges for Services	Grants and Donations	Governmental Activities
<b>Governmental Activities</b>				
Operating Expenses	\$ 769,554	\$ 93,756	\$ 135,475	\$ (540,324)
Personnel Services	3,936,704			(3,936,704)
Supplies & Other Expenses	229,957			(229,957)
Materials	165,310			(165,310)
Depreciation	699,484			(699,484)
<b>Total Governmental Activities</b>	<b>\$ 5,801,009</b>	<b>\$ 93,756</b>	<b>\$ 135,475</b>	<b>\$ (5,571,778)</b>
<b>General Revenue</b>				
Ad Valorem, Sales Tax, and City Support				5,668,982
State Aid				95,354
Interest				14,487
Miscellaneous				1,863
Gain/(Loss) on Sale				983
<b>Total General Revenue</b>				<b>\$ 5,781,669</b>
<b>Change in Net Assets</b>				<b>\$ 209,890</b>
<b>Net Position, July 1, 2020</b>				<b>6,616,540</b>
<b>Net Position, June 30, 2021</b>				<b>\$ 6,826,430</b>

The accompanying notes are an integral part of this financial statement



**EASTERN OKLAHOMA LIBRARY SYSTEM  
BALANCE SHEET-GOVERNMENTAL FUNDS  
JUNE 30, 2021**

<u>ASSETS AND OTHER DEBITS</u>	General	Special Revenue	Totals
Cash and Cash Equivalents	\$ 3,623,200	\$ 639,017	\$ 4,262,217
Ad Valorem Tax Receivables	116,440		116,440
Prepaid Expenditures	-		-
Total Assets	\$ 3,739,640	\$ 639,017	\$ 4,378,657
<u>LIABILITIES AND FUND BALANCE</u>			
Liabilities:			
Accounts Payable	\$ 32,780	\$ 2,273	\$ 35,053
Compensated Absences Payable	169,776		169,776
Accrued Payroll and Related Costs	147,325		147,325
Total Liabilities	\$ 349,881	\$ 2,273	\$ 352,154
Fund Balances			
Assigned			-
Committed	235,440		235,440
Unassigned	3,154,319	636,744	3,791,063
Fund Balances, end of year	\$ 3,389,759	\$ 636,744	\$ 4,026,503
Total Liabilities and Fund Balances	\$ 3,739,640	\$ 639,017	

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in assets in governmental funds. The costs of these assets are \$13,670,563 and the accumulated depreciation is \$10,705,083	2,965,481
Long-term liabilities that pertain to governmental funds are not due and payable in the current period and therefore are not reported as fund liabilities.	
Net pension liability	(1,017,456)
Other Post-Employment Benefits liability (OPEB liability)	53,468
Deferred outflows of resources related to net pension liability/OPEB liability	847,952
Deferred inflows of resources related to net pension liability/OPEB liability	(49,518)
Total Net Position - Governmental Activities	\$ 6,826,430

The accompanying notes are an integral part of this financial statement

**EASTERN OKLAHOMA LIBRARY SYSTEM  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2021**

	General Fund	Special Revenue	Governmental Funds
<b>Revenues</b>			
Ad Valorem, Sales Tax & City Support	\$ 5,654,357	\$ 14,625	\$ 5,668,982
State Aid	88,358	6,996	95,354
Grants/Donations		135,475	135,475
Other Revenues	80,133	15,485	95,618
Interest Revenue	14,063	424	14,487
			-
<b>Total Revenues</b>	<b>\$ 5,836,911</b>	<b>\$ 173,005</b>	<b>\$ 6,009,916</b>
<b>Expenditures</b>			
Staff Expenditures	\$ 3,936,704	\$ -	\$ 3,936,704
Materials	861,732	3,062	864,794
Furniture and Equipment	82,738		82,738
Supplies and Other Expenditures	182,200	47,758	229,958
Operations	721,771	47,784	769,555
			-
<b>Total Expenditures</b>	<b>5,785,145</b>	<b>98,604</b>	<b>5,883,749</b>
<b>Net Change in Fund Balance</b>	<b>\$ 51,766</b>	<b>\$ 74,401</b>	<b>\$ 126,167</b>
<b>Beginning Fund Balance</b>	<b>3,331,494</b>	<b>522,941</b>	<b>3,854,435</b>
<b>Ending Fund Balance</b>	<b>3,383,260</b>	<b>597,342</b>	<b>3,980,602</b>
<b>Total net changes in fund balances - governmental funds</b>			<b>126,167</b>

The change in net assets reported in the statement of activities is different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement allocated over their estimated useful lives as annual depreciation expenses. This is the amount by which capital outlays exceeds depreciation during the period.

Depreciation expense	\$ (699,484)	
Capital outlays	782,224	82,740

Disposals of capital assets are not considered to be expenditures in the governmental funds. They are however, recorded as a loss in the statement of activities. Some expenses reported in that Statement do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

983

Change in net position of governmental activities

\$ 209,890

The accompanying notes are an integral part of this financial statement

**EASTERN OKLAHOMA LIBRARY SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2021**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Eastern Oklahoma Library System (EOLS) conform to generally accepted accounting principles, as applicable to governmental units. The *Governmental Accounting Standards Board* is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of EOLS's accounting policies are described below.

The Financial Reporting Entity – The Eastern Oklahoma Library System is an independent special purpose district established under Title 65 Article 4, Public Library Systems, of the Oklahoma statutes. These statutes authorize and empower counties, cities and towns to join in the creation, development, and operation and maintenance of public libraries systems to serve multi-county districts. Title 65 authorizes special tax levies for the support of library systems to serve multi-county systems established under this act. The System includes fifteen branch libraries. Board members are appointed by various governmental entities within the counties of Adair, Cherokee, Delaware, McIntosh, Muskogee and Sequoyah. Under *Governmental Accounting Standards Board (GASB) No. 14*, the system is defined as a Special—Purpose Governmental Unit As such, its accounting conforms to the particular operations of EOLS.

Basic Financial Statements – Government-Wide Statements –

The government-wide Statement of Net Position and Statement of Activities are presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred, or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

The Library's net assets are reported in three parts – investment in capital assets, net of related debt; restricted net assets; and unrestricted net assets.

Basic Financial Statements – Fund Statements –

Fund financial statements report detailed information about the Library. The focus of governmental fund financial statements is on major funds rather than reporting funds by type.

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 collectible 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, is recognized when due.

The following fund types are used by the system:

**\*\*Governmental Funds:**

- General Fund – To account for all financial resources except those required to be accounted for in another fund.
- Special Revenue Funds – To account for the proceeds of specific revenue sources (other than expendable trusts or for major capital projects) that are legally, contractually, or by agreement restricted to expenditures for specified purposes.

Fund Balances

EOLS adopted Governmental Accounting Standards Board (GASB) Statement No 54 which redefines the classifications of fund equities.

**EASTERN OKLAHOMA LIBRARY SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2021 – CONTINUED**

Fund Balance - In the government-wide financial statements, equity is classified as net assets and displayed in three components:

1. Investment in capital assets – consists of capital assets, net of accumulated depreciation.
2. Restricted – consists of net assets with constraints placed on the use either by external groups, such as grantors or laws and regulations of other governments, or law through constitutional provisions or enabling legislation.
3. Unrestricted – All other assets that do not meet the definition of restricted or investment in capital assets.

Governmental fund equity is classified as fund balance. Fund balance is further classified as follows:

1. Nonspendable - Fund balances that cannot be spent because they are either:
  - *Not in Spendable Form*—generally, amounts that are not expected to be converted to cash, such as inventories or prepaid amounts. This classification also includes some long-term amounts such as property acquired for resale or the long-term portion of loans receivable. (However, if the eventual proceeds or collections from these would be restricted, committed, or assigned, these amounts would be included in that other classification.)
  - *Legally or Contractually Required to be Maintained Intact*—amounts that are required to be maintained intact, such as the principal of a permanent fund.
2. Restricted - amounts that can be used only for specific purposes because of (a) constitutional provisions or enabling legislation or (b) externally imposed constraints. (External constraints might be imposed by creditors, grantors, contributors, or even the laws or regulations of other governments.)
3. Committed - amounts that can be used only for specific purposes because of a formal action by the government's highest level of decision-making authority. This classification might also include contractual obligations if existing resources have been committed for use in satisfying those contractual requirements. (The formal action to establish constraints should be taken before year-end, even if the amount might not be determined until the subsequent period.)
4. Assigned - amounts intended to be used for specific purposes but that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the governing body, another body (such as a finance committee), or by an official to whom that authority has been given. Assigned fund balances represent tentative plans for future use of financial resources. The amounts are decided by the Board and can be reclassified as needed
5. Unassigned - this is the residual classification for the general fund (i.e., everything that is not in another classification or in another fund). The general fund is the only governmental fund that can report a positive unassigned fund balance. Other governmental funds might have a negative unassigned fund balance as a result of overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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.

EOLS considers property taxes and other County/City support as available if they are collected within 60 days after year-end. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until received. Investment earnings are recorded when earned since they are measurable and available. Donations and grant funds are considered earned when received, unless subject to forfeiture, in which case when received they are recorded as deferred revenues until earned.

**EASTERN OKLAHOMA LIBRARY SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2021 - CONTINUED**

Expenditures are recorded when the related fund liability is incurred.

Budgets – EOLS is required by state law to adopt an annual budget. The budget adopted by the Board of Trustees is a non-appropriated budget in that it is a financial plan approved in a manner authorized by statute but not created by an appropriations bill, which is signed into law.

Annual budgets are adopted for the General Fund on a basis consistent with generally accepted accounting principles. The annual budget is prepared by fund, function and department/branch. The department and branch managers may make transfers of budgeted amounts between expense functions without approval of the Board of Trustees; however, management approval is required.

Cash and Cash Equivalents – Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within twelve months of the date acquired by EOLS. The investment policy of EOLS authorizes management to invest in U.S. Treasury bills, certificates of deposit fully covered by F.D.I.C, and U.S. government project notes in amounts up to \$250,000. Investments are stated at cost, which approximates market value. Collateral agreements from financial institutions are required when deposits exceed F.D.I.C. limits. Currently EOLS has a collateral agreement with the Firststar Bank of Muskogee.

Interfund Receivables and Payables – During the course of operations, some transactions occur between funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as “due to and from other funds.” Interfund receivables and payables between funds within governmental activities are eliminated in the Government-Wide Statement of Net Assets.

Ad Valorem Tax Receivable – Included in ad valorem tax receivable is the uncollected portion of EOLS’s share of prior year’s property tax assessments for EOLS’s six counties

Prepaid Expenditures – Payments made to vendors for services that will benefit periods beyond June 30, 2021 are recorded as prepaid expenditures.

Library Materials – Because library materials (books, periodicals, audio visual, etc.) purchased by EOLS have useful lives of greater than one year and in accordance with *Governmental Accounting Standards Board (GASB) Statements No. 34*, such acquisitions are capitalized and reported in the fund in which they are acquired at historical cost except for donated materials which are recorded at their estimated fair value.

Deferred Outflows and Inflows of Resources – In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position or fund balance that applies to a future period and thus, will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position or fund balance that applies to a future period and thus, will not be recognized as an inflow of resources (revenue) until then. SEE NOTE 4

Fixed Assets – In the Government-Wide financial statements and in accordance with *Governmental Accounting Standards Board (GASB) Statements No. 34*, fixed assets are accounted for as capital assets. All fixed assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated fixed assets which are recorded at their estimated fair value at the date of donation.

**EASTERN OKLAHOMA LIBRARY SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2021 - CONTINUED**

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the Government-Wide Statement of Activities, with accumulated depreciation reflected in the Government-Wide Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Office equipment	5 to 10 years
Furniture	10 to 20 years
Computer equipment	3 to 5 years
Vehicles	3 to 5 years
Other fixed assets	3 to 20 years

Compensated Absences – Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources are reported as expenditures and a fund liability of the general fund.

**2. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS**

Cash and Cash Equivalents

There are three categories of credit risk that apply to EOLS's cash and investments balances:

1. Insured by F.D.I.C. or collateralized with securities held by its agent in its name.
2. Uninsured or collateralized with securities held by the pledging institution's trust department or agent in EOLS's name.
3. Uninsured and uncollateralized: or collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in EOLS's name; or collateralized with no written or approved collateral agreement

EOLS's bank deposits are categorized below per GASB Statement 3 to give an indication of the level of risk assumed at year end. Deposits of EOLS are carried at cost. The carrying amount of deposits is stated as "cash and cash equivalents" in the financial statements.

	Risk Category			Total
	1	2	3	Collateral
Deposits				
Demand Deposits	\$ 250,000	\$ 1,605,829		\$ 1,855,829
Certificates of Deposit	2,288,181	9,964		2,298,145
Totals	\$ 2,538,181	\$ 1,615,793	\$ -	\$ 4,153,974

Accounts Receivable – EOLS's ad valorem property tax is billed by each of the six participating counties each November 30 on the net assessed value listed as of the prior January 1, for all real and business personal property located in the county. The ad valorem taxes are due on December 31, or one-half by December 31 and one-half by March 31. Accounts receivable represent tax collections measurable and collectible at period end. Generally, this represents July and August collections. This amounted to \$116,440 for the year ended June 30, 2021.

For the year ended June 30, 2021 the total property tax levy collected for EOLS was \$5,529,010 which represented 4 mills in all counties except Delaware and Sequoyah County. Delaware County is 2.09 mills and Sequoyah County is 2 mills.

**EASTERN OKLAHOMA LIBRARY SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2021 – CONTINUED**

Fixed Assets – The following is a summary of changes in the fixed assets account group during the fiscal year:

	Asset Balances		
	Equipment/ Furnishings	Informational Materials	Fine Art
Asset Balances, 7/1/20	\$ 2,419,689	\$ 10,931,754	\$ 87,046
Purchases/Donations	82,738	700,447	-
Disposals/Adjustments	(4,524)	(546,587)	-
Asset Balances, 6/30/21	\$ 2,497,903	\$ 11,085,614	\$ 87,046

	Accumulated Depreciation		
	Equipment/ Furnishings	Informational Materials	Fine Art
Asset Balances, 7/1/20	\$ 2,362,047	\$ 8,107,618	\$ 87,046
Depreciation Expense	105,276	594,208	-
Disposals/Adjustments	(4,524)	(546,588)	-
Asset Balances, 6/30/21	\$ 2,462,799	\$ 8,155,238	\$ 87,046
Depreciation Expense	\$ 105,276	\$ 594,208	

Leases – EOLS entered into a ten-year lease effective November 2015, with renewal options on property located at 14 E Shawnee Bypass, Muskogee, Oklahoma for the administrative offices. Estimated lease rental payments under the terms of the lease are as follows:

FY 2022	\$ 71,700
FY 2023	\$ 71,700
FY 2024	\$ 71,700
FY 2025	\$ 23,900
FY 2026	\$ 0
FY 2027	\$ 0
FY 2028	\$ 0
FY 2029	\$ 0

**3. OTHER NOTES**

Participation in Risk Pools – EOLS maintains worker's compensation coverage through the Oklahoma State Insurance Fund, which is classified as a risk pool for this coverage.

Risk Management – EOLS is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employee's health and life; natural disaster; and board liability. EOLS manages these various risks of loss by purchasing insurance coverage specific to the risks involved. Management believes such coverage is sufficient to preclude any significant

**EASTERN OKLAHOMA LIBRARY SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2021– CONTINUED**

uninsured losses to the EOLS. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

Use of Estimates – The preparation of financial statements in conformity with generally accepted accounting principles 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.

Concentration of Risk - The operation of EOLS is significantly dependent on the property values of the six counties in Eastern Oklahoma in which it operates. Any material change to the property values and ad valorem tax collections could have a significant impact on EOLS's ability to provide the current level of service.

Related Parties – Friends of the Library - These are separate not-for-profit entities established in the trade area of several branches. Their purpose is to support the local branches of EOLS. EOLS does not appoint members or manage any funds for the entities but is a recipient of gifts and volunteer time.

Subsequent Events - Management has evaluated all events subsequent to the balance sheet date of June 30, 2021 through the date of issuance of these financial statements, September 24, 2021, and has determined that there are no subsequent events that require disclosure under generally accepted accounting principles.

Income Taxes - No provision is made for income taxes. The Library is exempt from taxes under the Internal Revenue Code under Section 501(c)(3). The Library is exempt from filing an annual Form 990 with the IRS.

**4. PENSION PLAN and OTHER POST-EMPLOYMENT BENEFIT PLANS**

Employee's Retirement Plan – All of EOLS's eligible employees participate in the Oklahoma Public Employees Retirement System (OPERS), a statewide multiple-employer public employee retirement system.

Employees of multi-county libraries are eligible to participate in OPERS under Article 1-106 of Oklahoma statutes. OPERS is a cost sharing public employee retirement system, however, risks are not shared by EOLS but are the liability of OPERS and the State of Oklahoma. OPERS is funded through employer and employee contributions, but EOLS has no legal obligation for paying benefits.

All employees who work 20 hours/week, 1040 hours/year or more are eligible to participate in OPERS. Normal retirement requires 90 points (age plus years of credited service) however employees who initially became members of OPERS before July 1, 1992 are required to have 80 points. Effective July 1, 1994, all members of the Oklahoma Public Retirement System are required to pay retirement contributions on the gross salary earned (less overtime) up to the maximum annual salary established by statute. Since that time the salary cap has gradually risen and effective July 1, 1998, the cap was waived. EOLS contributed 12.5% of gross compensation and the employee contributes 3.5% of his or her wages.

Effective July 1, 1999, EOLS's contribution rate was adjusted to 10%. During fiscal year ended June 30, 2004, OPERS allowed a new step-up incentive program wherein eligible employees could contribute an additional 2.91%.

This is an irrevocable option, and the employee cannot alter the contribution rate as long as they are an employee of EOLS or a participant in OPERS. Currently 53 employees are enrolled. Effective July 1, 2010, EOLS's rate increased to 16.5%. The employee rate remains at 3.5%. Contributions to OPERS by the Library were \$340,834 for 2021.



**EASTERN OKLAHOMA LIBRARY SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2021- CONTINUED**

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

The net pension liability and OPEB liability were measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. The Library's proportion of both the net pension and OPEB liabilities were based on the Board's contributions received by OPERS relative to the total contributions received by OPERS for all participating employers as of June 30, 2020. Based upon this information, the Library's proportion was 0.11404371%.

For the year ended June 30, 2021, the Library recognized the following related to its proportionate share of the Net Pension Liability:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience		5,560
Changes in assumptions	363,427	
Net difference between projected and actual earnings on pension plan investments	120,899	
Change in proportion and differences between contributions and proportionate share of contributions	(5,885)	
Contributions during measurement date		(876)
Contributions subsequent to measurement date	318,495	
	\$ 796,935	\$ 4,684

Net pension liability - \$1,017,456

Pension expense - \$642,402

Reported deferred outflows of resources of \$318,495 resulting from the Library's contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2022. Any other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	Deferred Outflows	Deferred Inflows
2022	186,270	(7,775)
2023	187,329	33,438
2024	64,810	(9,538)
2025	40,032	(11,441)
2026	-	-
Thereafter	-	-
	\$ 478,441	\$ 4,684

**EASTERN OKLAHOMA LIBRARY SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2021– CONTINUED**

Actuarial Methods and Assumptions

The total pension liability was determined on an actuarial valuation prepared as of July 1, 2020, using the following actuarial assumptions:

- Investment return – 6.5% for 2020 and 7% for 2019 compounded annually net of investment expense and including inflation
- Salary increase – 3.5% to 9.25% for 2020 and 3.5% to 9.5% for 2019.
- Mortality rates – In 2020, Pub-2010 Below Media, General membership Active/Retiree Healthy Mortality Table with base rates projected to 2030 using Scale MP-2019. Male rates are set back one year, and female rates are set forward one year.
- Annual post-retirement benefit increase – none
- Assumed inflation rate – 2.5% for 2020 and 2.75% for 2019
- Payroll growth rate – 3.25% for 2020 and 3.5% for 2019
- Actuarial cost method – entry age
- Select period for termination of employment assumptions – 10 years

The actuarial assumptions used in this valuation are based on the results of the most recent actuarial experience study, which covers the 3-year period ending June 30, 2019. The experience study report is dated May 13, 2020.

The target asset allocation and best estimates of geometric real rates of return for each major asset class as of June 30, 2020 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-term Expected Real Rate of Return
US Large Cap Equity	34.0%	3.8%
US Small Cap Equity	6.0%	4.9%
Int's Developed Equity	23.0%	6.5%
Emerging Market Equity	5.0%	8.5%
Core Fixed Income	25.0%	0.5%
Long Term Treasuries	3.5%	0.0%
US TIPS	3.5%	0.3%
	<u>100.0%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 6.5% for the year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and the employers will be made at the current contribution rate as set out in the state statute. Based on those assumptions, OPERS fiduciary net position was projected through 2114 to be available to make all projected future benefit payments of current plan members.

The following presents the net pension liability of the employer calculated using the discount rate of 6.5%, as well as what the Library net pension 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	Current Rate	1% Increase
	5.50%	6.50%	7.50%
Net Pension Liability	\$ 2,395,177	\$ 1,017,456	\$ (146,701)

**EASTERN OKLAHOMA LIBRARY SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2021– CONTINUED**

Other Post-Employment Benefit Plans

OPERS also administers a health insurance subsidy plan (HISP) as part of its cost-sharing pension plan. This plan is considered OPEB in accordance with the provisions of GASB 75.

For the year ended June 30, 2021, the Library recognized the following related to its proportionate share of the OPEB Liability:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience		45,269
Changes in assumptions	18,866	
Net difference between projected and actual earnings on pension plan investments	8,140	
Change in proportion and differences between contributions and proportionate share of contributions	1,671	
Contributions during measurement date		(435)
Contributions subsequent to measurement date	22,339	
	<u>\$ 51,016</u>	<u>\$ 44,834</u>

Reported deferred outflows of resources of \$22,339 resulting from the Library's contributions subsequent to the measurement date will be recognized as a decrease of the OPEB liability in the year ended June 30, 2022.

The same actuarial methods and assumptions were used for the OPEB liability as the net pension liability.

Any other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEBs will be recognized in OPEB expense as follows:

	Deferred Outflows	Deferred Inflows
2022	7,316	14,964
2023	7,316	11,440
2024	6,023	8,730
2025	5,429	6,708
2026	2,594	2,992
Thereafter	-	-
	<u>28,678</u>	<u>44,834</u>

**EASTERN OKLAHOMA LIBRARY SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2021– CONTINUED**

The discount rate used to measure the total OPEB liability was also 6.5% for the year. The following presents the OPEB liability of the employer calculated using the discount rate of 6.5%, as well as what the Library's 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	Current Rate	1% Increase
	5.50%	6.50%	7.50%
OPEB liability	\$ (13,613)	\$ (53,467)	\$ (87,623)

Detailed information about the pension's plan fiduciary net position is available in the separately issued financial report of the OPERS, which can be located at [www.opers.ok.gov](http://www.opers.ok.gov).

Attorney General opinions as well as the Oklahoma Supreme Court have implied that the State of Oklahoma is legally responsible for any pension liability over the employers' set contribution amount. However, GASB Statement 68 and GASB 75 require that the net pension liability and OPEB liability be accounted for and reported by the entity that created the liability. Therefore, the Library's portion of the State's net pension liability and OPEB liability have been recorded and reported.

# JACKSON, FOX and RICHARDSON

A Professional Corporation

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## INDEPENDENT AUDITOR'S 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

Board of Directors  
Eastern Oklahoma Library System

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Eastern Oklahoma Library System (the Library) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements, and have issued our report thereon dated September 24, 2021.

### 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) to determine 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.

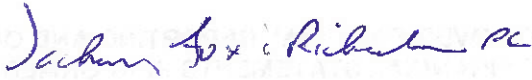
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not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

### 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Ardmore, Oklahoma  
September 24, 2021

## OTHER SUPPLEMENTARY INFORMATION

**Eastern Oklahoma Library System**  
**Schedule of State Financial Assistance**  
**Year ended June 30, 2021**  
 (Unaudited)

<b>State of Oklahoma Assistance</b>	<b>Project Amount</b>	<b>Receipts Recognized</b>	<b>Expenses Paid</b>
<b>Oklahoma Department of Library State Aid and Other Grants</b>			
Oklahoma Department of Libraries State Aid and Other Grants for the Development and Expansion of Library Services	\$ 95,354	\$ 95,354	\$ 95,354
	<u>\$ 95,354</u>	<u>\$ 95,354</u>	<u>\$ 95,354</u>



**EASTERN OKLAHOMA LIBRARY SYSTEM**  
**SCHEDULE OF COMBINED EXPENDITURES, GENERAL**  
**AND SPECIAL REVENUE FUNDS – ALL DEPARTMENTS AND BRANCHES**  
**FOR THE YEAR ENDED JUNE 30, 2021**  
(Unaudited)

	TOTAL SUPPORT SERVICES	TOTAL LIBRARIES SERVICES	TOTAL
<u>STAFF EXPENDITURES</u>	\$ 707,960	\$ 2,960,088	3,668,048
Books	-	324,330	324,330
Periodical	139	26,640	26,779
Compact Discs	-	30,714	30,714
Online Subscription	138,531	-	138,531
Downloadable Audios	236,326	16,334	252,660
DVD	-	90,350	90,350
Other-Microforms, Kits, Software	-	5,885	5,885
<u>LIBRARY MATERIALS</u>	374,996	494,251	869,247
Postage	1,285	14,940	16,225
Supplies	9,925	215,722	225,647
Equipment Supplies	420	3,891	4,310
Meals/Food	187	5,235	5,422
Advertising	598	4,233	4,830
Printing/Binding	440	374	814
Telephone	6,188	36,251	42,439
Insurance	5,712	21,185	26,897
Data Circ Line/Automation	495	-	495
AMIGOS/OCLC	34,944	-	34,944
Internet Access	-	28,994	28,994
Continuing Education	3,344	8,218	11,562
Seminars/Training	2,531	4,041	6,572
Staff Development	-	-	0
US Data Capture	-	2,746	2,746
Fees	607	651	1,257
Memberships	3,067	5,293	8,360
Travel	2,363	3,137	5,499
Misc Contract Labor	-	28,754	28,754
Recovery Expense	-	-	0
Consultants/Speakers/Grants	63,686	38,095	101,781
Gasoline, Oil, Etc.	7,347	109	7,456
Software/Licenses	4,388	9,750	14,138
Maintenance Contracts	20,093	145,259	165,353
Other Maint/Repairs	2,029	72,000	74,029
Utilities	12,771	1,254	14,025
Rent	64,800	722	65,522
Miscellaneous	-	2,812	2,812
Inspection Expense	45	-	45
Property Revaluation	95,212	-	95,212
<u>SUPPLIES &amp; OTHER EXP</u>	342,475	653,665	996,140
<u>EQUIPMENT &amp; FURNISHINGS</u>	11,103	71,635	82,738
<u>TOTAL EXPENDITURES</u>	\$ 1,436,533	\$ 4,179,640	\$5,616,173

Please note: This report includes materials expenditure which, under GASB 34 reclassified as assets in the Government-Wide Fund Financial Statements

**EASTERN OKLAHOMA LIBRARY SYSTEM  
SCHEDULE OF COMBINED EXPENDITURES, GENERAL REVENUE FUNDS  
PUBLIC SERVICE BRANCH**

FOR THE YEAR ENDED JUNE 30, 2021  
(Unaudited)

	Stillwell	Westville	Tahlequah	Hulbert	Grove	Jay	Kansas	Checotah	Eufaula	Haskell	Muskogee	Fort Gibson	Warner	Sallisaw	Muldrow	Total Public Services
<b>STAFF EXPENDITURES</b>	\$128,415	\$97,057	\$364,437	\$63,445	\$239,035	\$170,690	\$71,199	\$171,477	\$143,752	\$60,630	\$1,009,383	\$143,456	\$62,938	\$148,307	\$70,979	\$2,943,201
Books	9,516	12,653	42,444	5,695	38,491	19,763	8,796	19,894	16,489	3,586	82,559	12,698	12,674	21,932	17,096	324,277
Periodical	576	894	4,404	1,142	2,950	2,207	1,062	2,615	1,898	536	4,714	1,026	501	1,663	452	26,640
Online Subscription	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0
Compact Discs	70	1,687	8,299	170	3,771	2,541	609	-	2,874	-	5,600	841	477	2,528	1,246	30,714
Downloadable Audios	1,050	-	5,681	-	-	-	-	-	-	440	3,983	530	1,940	-	-	13,324
DVD	3,248	4,143	18,624	1,932	8,163	5,134	2,531	1,226	3,121	841	24,070	4,338	2,069	4,769	6,140	90,350
Micro. kits, softwr, non	60	60	3,145	-	779	-	12	120	120	-	990	242	330	-	-	5,858
<b>LIBRARY MATERIALS</b>	\$14,520	\$19,438	\$82,597	\$8,929	\$54,154	\$29,645	\$13,010	\$23,855	\$24,501	\$5,404	\$121,916	\$19,676	\$17,690	\$30,893	\$24,985	\$491,162
Postage	687	282	1,747	287	402	1,244	423	538	306	286	3,751	1,181	736	1,796	1,274	14,940
Supplies	6,843	3,363	28,026	7,654	23,906	13,118	6,566	18,320	8,106	2,944	27,991	7,654	4,607	4,883	4,343	168,324
Equipment	-	-	1,066	332	490	270	242	680	-	-	235	576	-	-	-	3,891
Meats/Food	-	-	12	38	337	24	4	243	25	-	80	-	11	-	-	774
Advertising	-	-	153	-	565	275	-	1,637	910	-	635	-	-	-	-	4,175
Printing/Binding	-	-	-	-	-	-	-	-	-	-	374	-	-	-	-	374
Telephone	1,571	1,560	4,203	1,329	3,750	2,762	1,705	4,623	1,375	2,384	7,992	1,524	1,474	-	-	36,251
Insurance	895	979	1,687	691	1,412	848	812	1,103	1,148	730	7,349	969	655	1,053	855	21,185
Computer Softw are	282	282	282	282	282	282	282	282	282	282	282	282	282	282	282	4,225
Data Circ Lines/Automation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0
Internet Access	1,552	1,759	2,685	692	2,668	1,724	1,834	2,265	1,902	245	4,139	1,901	1,486	1,685	851	27,399
Seminars/Train/Education	100	120	363	140	245	355	140	539	180	-	549	304	647	281	178	4,141
Staff Development	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0
US Data Capture Fees	151	168	265	134	207	172	137	179	180	186	255	172	144	229	167	2,746
Fees	11	28	20	-	28	38	38	25	-	83	322	18	13	33	31	651
Memberships	93	93	644	126	543	172	126	509	558	-	1,012	426	319	325	245	5,190
Travel	116	254	333	247	701	299	550	185	41	73	-	-	-	101	56	2,955
Misc Contract Labor	293	275	-	-	-	490	-	340	140	170	23,416	185	275	-	545	26,129
Recovery Expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0
Professional Consultants	431	431	431	431	431	431	431	431	431	431	431	431	431	431	431	6,469
Program Speakers	-	-	915	-	3,268	-	-	12,928	-	-	-	1,846	522	-	-	19,479
Gasoline, Oil, Etc.	-	-	-	-	-	-	-	-	-	-	109	-	-	-	-	109
Licenses/Copyrights	328	152	581	126	581	328	126	581	328	328	581	328	328	328	328	5,349
Maintenance Contracts	7,184	5,643	19,994	4,337	13,210	7,824	4,634	9,444	8,433	4,130	32,850	6,706	4,827	9,597	6,447	145,259
Other Maint/Repairs	-	-	13,117	95	10,080	-	-	-	-	-	45,981	-	-	-	-	69,273
Utilities	-	-	-	-	-	-	234	-	-	-	1,020	-	-	-	-	1,254
Rent	-	-	-	-	495	-	21	-	-	-	156	-	-	-	-	672
Miscellaneous	21	-	-	-	108	57	99	-	2	-	-	38	-	-	-	326
Property Revaluation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0
<b>SUPPLIES &amp; OTHER EXP</b>	\$20,557	\$15,389	\$76,623	\$16,941	\$63,709	\$30,675	\$18,405	\$54,851	\$24,347	\$12,270	\$159,511	\$24,540	\$16,767	\$21,024	\$16,031	\$571,539
<b>EQUIPMENT</b>	\$1,305	\$1,305	\$11,481	\$1,305	\$12,323	\$1,305	\$1,305	\$1,903	\$1,305	\$5,430	\$12,967	\$5,430	\$1,305	\$1,305	\$1,305	\$61,279
<b>TOTAL EXPENDITURES</b>	<b>\$162,797</b>	<b>\$133,189</b>	<b>\$535,038</b>	<b>\$90,620</b>	<b>\$369,221</b>	<b>\$232,316</b>	<b>\$103,918</b>	<b>\$252,086</b>	<b>\$193,905</b>	<b>\$83,734</b>	<b>\$1,303,777</b>	<b>\$193,103</b>	<b>\$98,701</b>	<b>\$201,529</b>	<b>\$113,249</b>	<b>\$4,067,181</b>

Please note: This report includes materials expenditures which, under GASB 34 have been reclassified as assets in the Government-Wide and Fund Financial Statements  
\*Note: This schedule does not include depreciation expense which is a non-cash item.

**EASTERN OKLAHOMA LIBRARY SYSTEM  
SCHEDULE OF COMBINED EXPENDITURES, SPECIAL REVENUE FUNDS  
PUBLIC SERVICE BRANCH**

**FOR THE YEAR ENDED JUNE 30, 2021**

(Unaudited)

	Stillwell	Westville	Tahlequah	Hulbert	Grove	Jay	Kansas	Checotah	Eufaula	Haskell	Muskogee	Fort Gibson	Warner	Sallisaw	Muldrow	Total Public Services
<b>STAFF EXPENDITURES</b>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Books	-	-	-	-	-	-	-	-	-	-	-	-	-	-	53	53
Periodical	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0
Compact Discs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0
Online Subscription	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0
Downloadable Audios	-	-	-	-	-	-	2,850	-	-	70	-	-	-	-	-	2,920
DVD	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0
Other-Mico, kits, software	-	-	-	27	-	-	-	-	-	-	-	-	-	-	-	27
<b>LIBRARY MATERIALS</b>	\$0	\$0	\$0	\$27	\$0	\$0	\$0	\$2,850	\$0	\$70	\$0	\$0	\$0	\$0	\$53	\$2,999
Postage	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0
Supplies	1,250	1,871	1,524	691	3,181	4,213	2,676	7,741	1,763	758	15,223	1,858	720	1,797	2,135	47,402
Equipment Supplies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0
Meals/Food	76	67	524	597	730	52	630	710	48	119	379	362	24	71	71	4,461
Advertising	-	-	-	-	-	-	-	-	-	-	58	-	-	-	-	58
Printing/Binding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0
Telephone	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0
Insurance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0
Computer Software	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0
Data Circ Line/Automation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0
Internet Access	-	-	-	-	-	661	-	-	-	-	-	-	-	-	-	0
Seminars/Training/Education	-	-	-	-	1,247	-	-	-	909	-	4,997	360	-	1,539	-	1,595
Memberships	-	-	-	-	-	100	-	-	-	-	-	-	-	-	-	8,691
Travel/Gasoline	-	-	-	-	-	-	-	185	-	-	-	-	-	-	-	100
Misc Contract Labor	-	-	-	-	-	-	-	2,625	-	-	-	-	-	-	-	185
Consultants/Speakers/Grants	415	415	-	-	-	1,938	1,066	521	1,742	153	1,920	-	-	1,468	1,468	2,625
Licenses/Copyrights	-	-	-	-	-	-	-	-	-	-	176	-	-	-	-	176
Maintenance Contracts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0
Other Maint/Repairs	2,227	-	-	-	-	-	500	-	-	-	-	-	-	-	-	2,727
Utilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0
Rent	25	25	-	-	-	-	-	-	-	-	-	-	-	-	-	50
Miscellaneous	-	-	-	-	-	-	-	-	-	-	2,487	-	-	-	-	2,487
<b>SUPPLIES &amp; OTHER EXP</b>	\$3,993	\$2,377	\$2,048	\$1,288	\$5,158	\$6,964	\$4,872	\$11,782	\$4,462	\$1,030	\$25,239	\$2,579	\$744	\$4,875	\$4,249	\$81,662
<b>EQUIPMENT</b>	\$4,246	\$0	\$1,587	\$0	\$598	\$0	\$0	\$0	\$0	\$0	\$1,318	\$0	\$0	\$1,094	\$978	\$9,820
<b>TOTAL EXPENDITURES</b>	\$8,239	\$2,377	\$3,635	\$1,315	\$5,756	\$6,964	\$4,872	\$14,631	\$4,462	\$1,100	\$26,556	\$2,579	\$744	\$5,969	\$5,279	\$94,482

Please note: This report includes materials expenditures which, under GASB 34 have been reclassified as assets in the Government-Wide and Fund Financial Statements  
\*Note: This schedule does not include depreciation expense which is a non-cash item.

