



Financial Statements

For the Year Ended June 30, 2024

PIONEER LIBRARY SYSTEM

Index

June 30, 2024

	Page
Independent Auditors' Report	3
Required Supplementary Information: Management's Discussion and Analysis (Unaudited)	6
Basic Financial Statements	
<i>Government-wide Financial Statements</i>	
Statement of Net Position	16
Statement of Activities	17
<i>Fund Financial Statements</i>	
Balance Sheet - Governmental Funds	18
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	19
Notes to Financial Statements	20
Required Supplementary Information: Budgetary Comparison Schedule - General Fund (Unaudited)	37
Compliance and Internal Control	
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 <i>Government Auditing Standards</i>	38



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INDEPENDENT AUDITORS' REPORT

September 20, 2024

To the Board of Trustees of
Pioneer Library System
Norman, Oklahoma

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component unit of Pioneer Library System (the System), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the System'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, the aggregate discretely presented component unit of the System, as of June 30, 2024, 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.

Basis for Opinions

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. 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 Pioneer Library System 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.

Responsibilities of Management 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, 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 System'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.



To the Board of Trustees of
Pioneer Library System
September 20, 2024

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 System'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 System'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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6–15 and the budgetary comparison information on page 37, be presented to supplement the basic financial statements. Such information 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 of America, which consisted of inquiries of

To the Board of Trustees of
Pioneer Library System
September 20, 2024

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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 20, 2024, on our consideration of the System'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 System'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 Pioneer Library System's internal control over financial reporting and compliance.

GRAY, BLODGETT & COMPANY, PLLC

A handwritten signature in cursive script that reads "Gray, Blodgett & Company, PLLC".



Management's Discussion & Analysis for the Fiscal Year Ended June 30, 2024

This discussion and analysis of the financial performance of Pioneer Library System (PLS) provides an overall review of PLS's financial condition and results of operations for the fiscal year ended June 30, 2024. Readers should read this information in conjunction with the system's financial statements.

Governmental Accounting Standards Board (GASB) statements 99 and 100 became effective as of June 30, 2024. Statement 99 is an omnibus standard that deals with multiple topics. Statement 100 deals with accounting changes and error corrections as an amendment of statement 62. This statement requires that changes in accounting principles and error corrections be reported retroactively by restating prior periods, that changes to or within the reporting entity be reported by adjusting beginning balances of the current period, and that changes in accounting estimates be reported prospectively by recognizing the change in the current period. The statement also requires disclosures in the notes to the financial statements containing descriptive information about the changes and the error corrections. Statement 99 does not affect the system's financial statements.

PLS Overview

The Pioneer Library System is comprised of twelve library branches in ten communities within three counties serving more than 420,000 residents. 999,051 visits were made to our branches, and print and digital collections were checked out more than 2.1 million times per year by people of all ages in FY23-24. Approximately 76% of people in this service area have a library card and 84% of library users surveyed would recommend the library to others.*

- Mission: Inspiring innovation, engagement, and learning in our communities.
- Customer Service Philosophy: Creating positive experiences for you.
- Values: Welcome, Empower, Respect.

Working with local partners, PLS helps connect people with jobs and supports career development, partners with schools to offer resources and assistance to students with their schoolwork, and delivers programming focused on early literacy. The library provides services to those unable to come to the library through homebound services, digital materials, virtual programs, and more. The library provides Internet access and assistance to connect customers with vital services, including housing, utilities, food, health care, and public assistance. Whether in-person or virtually, PLS inspires innovation, engagement, and learning in our communities.

PLS is rooted in innovation and routinely implements new tactics to reach and engage customers, both existing customers and those who have not yet discovered the library. We align resources to meet customers where they are and to meet their needs. On-demand services such as curbside pick-up, boosted Wi-Fi to parking lots, and digital, on-demand content, continue to be popular and convenient channels for customers to connect to library resources. More customers than ever before are using the library to primarily check out digital materials. By providing services of relevance to our communities, PLS increased total market penetration from 33% in Q2 of 2023 to

36% in Q1 of 2024. By the end of Q1 of 2023, 31% of households in our service area had an active library card. This year's Summer Learning Challenge set yet another record-breaking summer with more than 24 million minutes of learning. 9,785 learners enrolled in the Challenge this year and 48% of customers reached their personal goal of 1,000 points. This was a 9% increase in minutes logged from 2023. As a result, the PLS Foundation donated books to children ages 0-5 enrolled in WIC programs across our three counties.

All this work is led by the PLS Strategic Plan, the priorities of which move the PLS mission, philosophy, and values forward. Decisions made this year and outlined in this document were measured and aligned with each section of the Strategic Plan.

*In November 2023, Norman Public Library Central, our largest facility, was closed by the City of Norman after the discovery of mold. PLS acted quickly to minimize downtime for customers by relocating staff, materials, and technology to a pop-up location downtown: the Library Lab. During this closure, PLS continued to serve our community by providing materials, programming, and the latest technology to the public. Our public service statistics will be skewed this year due to this closure. It is important to note that even with Central's closure, we have not seen a decrease in the number of customers using library services, a testament to the incredible work of the PLS staff.

Financial Highlights

For FY23-24, PLS's general fund reported an ending balance of \$22,332,934 versus \$19,890,158 for FY22-23. Of the FY23-24 year-end total, \$424,288 is committed for outstanding encumbrances, and \$722,361 is assigned for library service upgrades and improvements at current and future branches within the system. A majority of the outstanding encumbrances are for materials and technology equipment. Although the remaining balance of \$21,186,285 is unassigned, with the Board of Trustee's approval PLS will use a portion of these funds toward a facilities masterplan across our three counties. The remainder of the money in these funds will be prudently used or committed to alleviate summer/fall cash flow issues and other emergencies that might arise.

PLS's operating revenue increased by 11.2% this year. This increase enabled PLS to further the library's mission through a variety of opportunities:

- PLS continued to participate in Dolly Parton's Imagination Library (SPIL) program and spent \$124,686 on this program. More than 50% of eligible children in our service area are registered for DPIL and more than 12,000 children receive books for their at-home library.
- Authors Elizabeth Letts and Tembi Locke were paid a total of \$38,483 for this fiscal year's Spark a Change community conversation series.
- PLS spent \$10,205 on the Sunday Stars program in Tecumseh. Sunday Stars is an enrichment program for students in first through third grade who are below grade level in reading and math. Students engage in hands-on STEAM activities, quality reading instruction by Lead Instructors based on Orton Gillingham curriculum, and one-on-one reading time with a Teen Reading Ambassador. PLS partnered with Purcell, Noble and Tecumseh Public Schools to identify and recruit eligible students and measure academic success. In the year prior, PLS received grant funding from the State Department of Education for the Noble and Purcell locations. This coming FY, PLS will fully fund the program in Moore, Newcastle, and Noble.

- PLS spent \$8,800 on scholarships and fees for Gale Presents: Excel Adult High School. Eleven scholarships were awarded, and eight students graduated from the program with their high school diploma. In FY23-24, 11 scholarships were awarded and 8 students graduated. Since implementation of the program, 31 students have graduated from Excel Online High School with their high school diploma.
- Items purchased from the Technology/Equipment budget enhance the customer experience by providing faster and, in some cases, 24/7 access to materials and technology. Purchases included:
 - The purchase and installation of a 24-hour library and canopy in Shawnee for \$165,953. This project had been ongoing for years and the community celebrated alongside PLS at its unveiling in fall 2023.
 - The purchase and installation of five solar benches for \$47,737 in the communities of Norman, Little Axe, Moore, and Newcastle, further closed the digital divide and provided critical connectivity during the aftermath of a devastating tornado in Pottawatomie County earlier this year.
 - New materials sorters were purchased for Southwest Oklahoma City and Norman West libraries for a cost of \$272,298. This equipment decreases the amount of time staff handle materials, allowing items to be available more quickly to customers.
 - A new book locker was purchased for the new Library Lab at the cost of \$17,676.
 - The purchase of eight new self-checks cost \$85,824. These self-checks will be located at the Blanchard, McCloud, Newcastle, Noble, Purcell, and Tecumseh branches and bring an inclusive experience to customers.
 - The purchase of a new laser printer for the Moore Library Maker Lab at a cost of \$14,624, allowing customers to experience the same equipment at all our Maker Labs.
- Additional digital materials were purchased to meet needs and provide customers with a wider selection of titles. Customer demand continues to increase as our digital collections budget increases.

The general fund balance increased by \$2,442,776 from the previous fiscal year due to the increase in collection of revenue.

The Pioneer Library System Foundation completed its fourteenth year of operation as of June 30, 2024. The PLS Foundation was organized for the purpose of "Supporting Literacy and a Love of Learning throughout Pioneer Library System Communities." The Foundation raised over \$400,000 and held annual fundraising events in each of the three counties. The Oklahoma Department of Libraries, the Institute of Museum and Library Services, and the Norman Arts Council awarded the PLS Foundation nearly \$75,000 in grant funds for health literacy initiatives and arts education programming. In addition, the PLS Foundation provided over \$150,000 in financial support for individual branches and many of PLS's programs including the 2024 Spark a Change, Summer Learning Challenge, Excel Online High School, and Dolly Parton Imagination Library. This involves the funding of over 5,800 books that were donated to children enrolled in area health department programs as a reward for surpassing the Summer Learning Challenge community goal of spending more than 24 million minutes learning. Additionally, over 3,300 books were given to children who achieved their individual Summer Learning Challenge goals, participated in Read Across America Day, and through community outreach. The PLS Foundation has been included as a component unit of the Pioneer Library System and the PLS Foundation has issued its own financial statements, available from the Pioneer Library Foundation administrative office.

Overview of the Financial Statement

The Pioneer Library System's basic financial statements consist of fund financial statements, notes to financial statements, and required supplementary information.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the system's finances, in a manner similar to a private-sector business.

The statement of net position represents information on all the system's assets, liabilities, deferred inflows, and deferred outflows, with the difference between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the system is improving or deteriorating.

The statement of activities presents information showing how the system's net position changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (e.g. uncollected taxes and earned but unused vacation leave).

The government-wide financial statements can be found in the following pages of this report.

Fund Financial Statements

The Library System has one kind of funds – Governmental Funds:

Governmental Funds encompass two types: General Fund and Other Governmental Funds:

General Fund represents unrestricted resources that are available for on-going general library operations. This is PLS's primary operating fund.

Other Governmental Funds include Gift/Grant Funds.

Gifts/Grant Funds include funds provided by intergovernmental grants and other third parties' gifts and grants. All those funds are generally restricted as to use. Therefore, each fund accounts for its receipts and disbursements of the restricted functions

Notes to the Financial Statements

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

Supplemental Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information, such as a comparative statement between budget and actual expenditures.

Financial Analysis of Library System's Fund

As financial information is accumulated on a continuous and consistent basis, financial statements and expenditure reports for governmental funds are presented to the Pioneer Library System Board of Trustees.

For fiscal year 2023-2024 governmental fund balances changed as follows

	General Fund	Other	Total
	Funds	Governmental	Governmental
	Funds	Funds	Funds
Revenues	\$ 25,828,978	\$ 287,426	\$ 26,116,404
Expenditures	\$ 23,386,202	\$ 154,271	\$ 23,540,473
Net Increase	\$ 2,442,776	\$ 133,155	\$ 2,575,931

For fiscal year 2022-2023 governmental fund balances changed as follows:

	General Fund	Other	Total
	Funds	Governmental	Governmental
	Funds	Funds	Funds
Revenues	\$ 23,221,439	\$ 159,765	\$ 23,381,204
Expenditures	\$ 21,223,188	\$ 116,653	\$ 21,339,841
Net Decrease	\$ 1,998,251	\$ 43,112	\$ 2,041,363

General Fund

PLS is primarily (or 93%) funded by Ad Valorem (property) tax. For the FY23-24 financial year the tax rates were a 6.06 mill Ad Valorem tax in Pottawatomie County; a 6.11 mill Ad Valorem tax in McClain County; and a 6.11 mill Ad Valorem tax in Cleveland County. For FY23-24, the Counties' assessed property value had an increase of 8.69% versus 8.06% for FY22-23. Actual tax collections increased by 9.42% versus 6.74% for the prior year. The increase of 9.42% was due to the collection of more tax revenue. Fine and other charges for services revenue for FY23-24 decreased by \$15,816 from FY22-23. This decrease was precipitated by the fact that fines for overdue materials were eliminated during the fiscal year. State Aid increased by \$1,233 over the prior year. Interest income increased by \$373,184 over the prior year. This increase is attributed to an increase in interest rates and the increase in the amount of funds in the fund balance.

The Expense category Personnel Services increased from 2023 to 2024 due to the increase in salaries paid as a result of a 4% performance adjustment for eligible employees; an increase in retirement contributions caused by an increase in salaries; an increase in health insurance and dental insurance expenses due to a rate increase from the service provider; an increase in employee assistant program caused by a full year contract with the new provider and an increase in the number of employees; an increase in workers' compensation insurance as our rate increased; and an increase in scholarship as the amount awarded and number of scholarships were increased. The Expense category of Materials increased to purchase more online resources that align with our strategic plan and meet the needs of today's community. The Technology and Automation category increased because of the purchase and installation of a 24 Hour library at Shawnee, the purchase

of new sorters for two branches, the purchase and installation of six smart benches, and the cost of replacing computers throughout the system. The System Services and General and Administrative expense categories were different in 2024 than in 2023 because of the following:

- Professional Services increased due to the addition of a contract and cost increases with several contracts.
- The Employee Development expenses increased due to the attendance at additional conferences and the increased cost of travel, as well as actual cost of venues and amenities to host annual Staff Development Day.
- Equipment expenses increased compared to last year for the purchase of new staff chairs and the purchase of furniture for several new Maker Labs.
- Insurance increased to reflect actual insurance costs.
- Postage increased to reflect actual postage costs.
- Supplies increased due to the increase in the amount and cost of materials cost.
- Telephone expenses decreased to reflect actual costs.
- Vehicle expenses increased because two new vehicles were purchased this year.
- Marketing & Communications costs increased to cover the costs of increased advertising campaigns to elevate awareness of library services.
- Audit expenses increased due to the new signed agreement for services.
- Printing expenses decreased as lease expenses for copiers were capitalized instead of expensed, and the new contract cost was less than the previous contract.
- The number of employees and wages paid increased, resulting in an increase in Data Processing expenses.
- Revaluation increased due to billing increases from the county assessors.
- Board Development expenses increased when compared to last year due to the cost of the board retreat.
- Development expenses increased due to additional sponsorship of events.
- Programming expenses decreased due to some of the current year PLS Reads/Spark a Changes costs of author visits were paid from the previous year.
- System Outreach expenses increased to reflect the increase in expenses for the Dolly Parton's Imagination Library Program and Excel Online High School.
- System Facilities increased to reflect the purchase and installation of AEDs and the opening of the Library Lab because of Central's closure.

Other Governmental Funds

Gifts/Grants Funds: In FY23-24, Pioneer Library System received \$231,750 in gifts and grants.

Pioneer Library System received \$57,634 in grants this year. \$15,000 of these funds were a grant received from the Urban Libraries Council. These funds will be spent on creating internship opportunities and providing resources, skills, and experience for teens who may be at-risk of becoming incarcerated to improve their life circumstances.

The system received a \$10,000 check for winning the American Library Association's John Cotton Dana award for its outstanding library marketing campaigns.

Outright gifts to PLS totaled \$174,386, over 32% (\$55,032) of which was provided by Friends groups throughout PLS. The City of Purcell donated \$11,000 to fund programs at the Purcell Library. All grantors and donors provided financial support and were also active partners providing excellent library services to the community.

The Library System as a Whole

	2023-2024	2022-2023
Assets		
Current and Other Assets	\$ 24,379,985	\$ 21,478,050
Lease Receivable	\$ 618,959	\$ 685,374
Right to Use Leased Assets	\$ 342,454	\$ 9,805
Right to Use Subscription Assets	\$ 278,970	\$ 408,611
Capital Assets	\$ 9,406,268	\$ 9,683,901
Total Assets	\$ 35,026,636	\$ 32,265,741
Liabilities		
Accounts Payable and Accrued Expenses	\$ 713,211	\$ 389,826
Accrued Interest Payable	\$ -	\$ 8,107
Other Liabilities	\$ 427,529	\$ 420,613
Subscription Liability	\$ 123,232	\$ 262,850
Subscription Liability - Current	\$ 152,416	\$ 143,471
Right to Use Liability	\$ 306,966	\$ -
Right to Use Liability - Current	\$ 82,776	\$ 10,111
Total Liabilities	\$ 1,806,130	\$ 1,234,978
Deferred Inflows of Resources		
Inflows Related to Leases	\$ 659,979	\$ 730,691
Total Deferred Inflows of Resources	\$ 659,979	\$ 730,691
Net Position		
Net Investment in Capital Assets	\$ 9,406,268	\$ 9,683,901
Restricted Net Assets	\$ 865,291	\$ 732,136
Unrestricted Net Assets	\$ 22,288,968	\$ 19,884,035
Total Net Position	\$ 32,560,527	\$ 30,300,072
Change in Net Position		
Beginning Net Position	\$ 30,300,072	\$ 28,116,752
Revenues		
Property Taxes	\$ 24,143,315	\$ 22,064,787
Charges for Services	\$ 263,792	\$ 302,165
Operating Grants	\$ 231,750	\$ 113,572
Capital Grants	\$ 6,947	\$ 7,977
State Aid	\$ 114,015	\$ 112,782
Investment Earnings	\$ 869,560	\$ 496,376
Net Change In Beneficial Assets Held by Others	\$ 48,729	\$ 38,216
Loss on Disposal	\$ (13,502)	\$ (59,860)
Total Revenues	\$ 25,664,606	\$ 23,076,015
Expenses		
Public Library Services	\$ 16,497,127	\$ 15,321,466
Administrative Services	\$ 4,009,965	\$ 3,030,725
Depreciation-Unallocated	\$ 2,897,059	\$ 2,540,504
Total Expenses	\$ 23,404,151	\$ 20,892,695
Increase in Net Position	\$ 2,260,455	\$ 2,183,320
Ending Net Position	\$ 32,560,527	\$ 30,300,072

General Fund Budgetary Highlights

The General Fund budget for FY23-24 was \$25,029,543. This was a 8.72% increase over the previous year. The highlights of the budget include:

- A 6.0% salary adjustment for staff who receive a successful or outstanding rating on their annual performance evaluation and are not in their training period.
- Retirement increased to cover projected retirement benefit changes.
- Health Insurance increased \$224,133 to cover the cost of new positions and an estimated 15% rate increase in April 2024.
- Group Term Life Insurance increased \$1,400 due to salary increases.
- Disability Insurance increased by \$3,000 due to salary increases.
- Workers Compensation increased \$10,000 because insurance rates increased.
- Unemployment decreased due to actual activity.
- Scholarship increased \$10,000 due to additional scholarships being awarded to staff to continue their education and benefit the library.
- Materials increased \$393,348 to reflect material cost increases.
- Professional Services increased \$162,133 to reflect contract cost increases.
- Equipment increased \$150,000 to reflect the purchase of additional task chairs and the amount of year-end outstanding purchase orders.
- Insurance increased by \$21,000 due to the insurance rates increase.
- Supplies increased \$30,000 due to the increase in the amount and cost of supplies.
- Telephone decreased \$4,000 to reflect the elimination of duplicative services.
- Mileage increased \$5,000 to reflect an expected increase in the mileage rate.
- Vehicles increased \$15,000 to reflect the increase in vehicle costs.
- Audit decreased \$4,500 to reflect the decrease in the contract cost.
- Miscellaneous increased \$18,600 to reflect an increase in costs.
- Printing decreased to reflect the decrease in copier lease costs.
- Data Processing increased to reflect the actual payroll costs.
- Technology increased \$6,745 to reflect the purchase of additional technology, current year outstanding purchase orders, and the removal of previous year's outstanding purchase orders.
- Employee Development increased \$27,992 due to current year outstanding purchase orders and additional conference expenses.
- Marketing and Communications increased \$131,605 to cover the costs of increased advertising campaigns and outstanding year-end purchase orders.
- Programming decreased \$15,265 due to the removal of prior and addition of current year outstanding purchase orders.
- Assigned Fund Balance reflects several items: Cleveland County, \$124,560; Moore Public Library \$150,806; McClain County, \$173,995; and Pottawatomie County, \$50,000; Library Projects, \$220,000.
- Unassigned Fund Balance increased \$2,163,456.
- Total Fund Balance for 2023-2024 is anticipated to be \$19,890,158.

Capital Asset and Long-Term Debt

PLS's investment in capital assets, net of accumulated depreciation, as of June 30, 2024, was \$9,406,268, and on June 30, 2023 was \$9,683,901. Of the total depreciable capital assets, net of accumulated depreciation, on June 30, 2024, 25% are furniture, equipment and vehicles; 44% are building and property; and the remaining 31% are books and materials. Of the total depreciable capital assets, net of accumulated depreciation, on June 30, 2023, 21% are furniture, equipment, and vehicles; 44% are building and property; and the remaining 35% are books and materials.

PLS has no long-term liabilities. The Board of Trustees limits borrowing to short-term, usually in the fall in anticipation of ad valorem receipts beginning in December. Typically, the note is paid off in mid-January. In FY23-24, PLS borrowed no money and incurred no interest expense.

Economic Environment and Next Year's Budget

PLS's primary revenue is Ad Valorem (property) tax, so the annual growth in the Cleveland, McClain, and Pottawatomie County's property value is the most important factor for PLS's revenue outlook. For the most recent fiscal year PLS collected 6.11, 6.11 and 6.06 mills of the assessed property value from the respective counties. The fractional part of the millage is due to the abolishment of the personal property tax in two of the counties. PLS is now at the millage cap allowed by state law.

In general, PLS still expects a continued growth in the tax revenue for the next year. The Cleveland County Assessor has certified 5.86% growth in property value for 2024; the Pottawatomie County Assessor has certified a 7.12% growth. the McClain County Assessor has certified a 7.96% growth.

For Fiscal Year 2024-2025, the PLS Board of Trustees will consider for approval a general fund budget of 28,588,261 versus \$23,358,100 for 2023-2024. A highlight of the revised budget follows:

- A 6.0% salary adjustment for staff who receive a successful or outstanding rating on their annual performance evaluation and are not in their training period and a 4% salary adjustment for one half of the year to offset their retirement contribution.
- Retirement increased to cover the cost of an increase in the amount of the retirement contribution to 12% and a one-time lump sum True-Up Cashout to eleven staff who were in the Defined Benefit retirement plan. PLS was one of the last library systems in the state to offer a retirement plan of this type and we are proud to now contribute our staffs' future in this way.
- Health Insurance increased to cover an expected increase in costs for the last three months of the fiscal year new rates are received for Medical and Dental Insurance in April and the cost for new positions.
- Workers Compensation Insurance increased to reflect actual costs.
- Unemployment insurance decreased to reflect actual costs.
- Scholarship increased to award scholarships to eligible staff pursuing an undergraduate degree and to award an additional amount of scholarships.
- Materials increased \$50,000 to cover the cost of three new online resources and the cost of outstanding purchase orders.
- Professional Services increased \$411,955 to cover the cost of contract increases, the cost of new contracts, the cost of a pay class and compensation study, and the costs for new accounting software.

- Attorney Fees increased to reflect actual costs.
- Equipment increased \$150,826 to purchase musical instruments and to cover the cost of outstanding purchase orders.
- Equipment Repair and Maintenance increased to cover the repair of technology.
- Insurance increased \$35,000 to reflect actual insurance costs.
- Postage increased to reflect actual costs
- Supplies increased due to increase in the amount and the cost of supplies purchased.
- Telephone decreased \$2,000 to reflect actual costs.
- Vehicles decreased \$75,000 to reflect the purchase of only one vehicle this year.
- Miscellaneous expense decreased \$15,000 to reflect actual costs.
- Printing reflects decrease in the actual costs of the copier lease.
- Revaluation decreased \$14,417 to reflect actual costs.
- Data Processing increased \$3,000 to reflect the actual cost of payroll.
- Employee Development increased \$67,500 for cost increase for staff day training and outstanding purchase orders.
- Hospitality increased \$10,000 to cover the cost of board meetings.
- Marketing and Communications increased \$85,000 to cover the cost of additional TV advertising campaigns to expand reach and to cover the cost of updating signage.
- Programming increased \$68,000 due to an increase in Spark A Change costs.
- System Facilities increased \$1,837,273 to reflect cost of facility changes for the master plan projects for four libraries.
- System Outreach Increased \$75,000 to reflect actual costs.
- Assigned Fund Balance reflects the following: Moore Library, \$150,806
- Unassigned Fund Balance increased \$2,442,776.
- Total Fund Balance for 2024-25 is anticipated to be \$21,908,646.

Contacting the Library System's Financial Management

This financial report is designed to provide a general overview of the Pioneer Library System, comply with finance-related laws and regulations, and demonstrate the Library System's commitment to public accountability. If you have any questions about this report or would like to request additional information, contact:

Pioneer Library System Business Office
300 Norman Center Court
Norman, OK 73072

PIONEER LIBRARY SYSTEM
Statement of Net Position
June 30, 2024

	Primary Government Governmental Activities	Component Unit Library Foundation
Assets		
Current assets:		
Cash and Cash Equivalents	\$ 22,324,050	\$ 547,808
Beneficial Interest in asset held by others	515,483	96,769
Ad Valorem Tax Receivable	342,364	-
Accrued Interest Receivable	-	266
Lease Receivable	618,959	-
Other Current Assets	1,098,471	9,095
Other Receivable	99,617	14,743
Subscription Assets	278,970	-
Non Current assets:		
Right to Use Assets, Net	342,454	-
Non-Depreciable Capital Assets	381,649	-
Depreciable Capital Assets, Net	<u>9,024,619</u>	<u>-</u>
Total Assets	<u>\$ 35,026,636</u>	<u>\$ 668,681</u>
Liabilities		
Current liabilities:		
Accounts Payable and Accrued Expenses	\$ 713,211	\$ 51,860
Compensated Absences Payable	427,529	-
Right to Use Liability - Current	82,776	-
Subscription Liability - Current	152,416	-
Non Current liabilities:		
Right to Use Liability	306,966	-
Subscription Liability	<u>123,232</u>	<u>-</u>
Total Non Current Liabilities		
Total Liabilities	<u>\$ 1,806,130</u>	<u>\$ 51,860</u>
Deferred Inflows of Resources		
Inflows related to leases	<u>\$ 659,979</u>	<u>\$ -</u>
Net Position		
Net Investment in Capital Assets	\$ 9,406,268	\$ -
Restricted - Non Spendable Net Assets	-	27,845
Restricted - Literacy and Other Programs	865,291	116,633
Unrestricted - Board Designated Endowment	-	19,411
Unrestricted - Undesignated	<u>22,288,968</u>	<u>452,932</u>
Total Net Position	<u>\$ 32,560,527</u>	<u>\$ 616,821</u>

See Accompanying Notes to Financial Statements

PIONEER LIBRARY SYSTEM
Statement of Activities
For the Year Ended June 30, 2024

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets	Net (Expense) Revenue and Changes in Net Assets
					Primary Governmental Activities	Component Unit Library Foundation
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		
Governmental Activities:						
Public Library Services	\$ 16,497,127	\$ 263,792	\$ 231,750	\$ 6,947	\$ (15,994,638)	
Administrative Services	4,009,965	-	-	-	(4,009,965)	
Depreciation - unallocated	2,897,059	-	-	-	(2,897,059)	
Total Primary Government	<u>\$ 23,404,151</u>	<u>\$ 263,792</u>	<u>\$ 231,750</u>	<u>\$ 6,947</u>	<u>\$ (22,901,662)</u>	
Component Unit						
Library Foundation	<u>\$ 321,900</u>	<u>\$ -</u>	<u>\$ 430,904</u>	<u>\$ -</u>		<u>\$ 109,004</u>
General Revenues:						
Property taxes, levied for general purposes					\$ 24,143,315	\$ -
State aid					114,015	-
Net change in beneficial assets held by others					48,729	8,646
Investment earnings					869,560	6,220
Loss on disposals					(13,502)	-
Total General Revenues					<u>\$ 25,162,117</u>	<u>\$ 14,866</u>
Change in Net Assets					\$ 2,260,455	\$ 123,870
Net position - beginning					<u>30,300,072</u>	<u>492,951</u>
Net position - ending					<u>\$ 32,560,527</u>	<u>\$ 616,821</u>

See Accompanying Notes to Financial Statements

PIONEER LIBRARY SYSTEM
Balance Sheet
Governmental Funds
June 30, 2024

ASSETS	General Fund	Gifts and Fund	Total Governmental Funds
Cash	\$ 22,126,836	\$ 197,214	\$ 22,324,050
Investments	-	515,483	515,483
Receivable from General Fund	-	115,028	115,028
Ad Valorem Tax Receivable	342,364	-	342,364
Lease Receivable	618,959	-	618,959
Other Receivable	58,367	41,250	99,617
Deposit	9,737	-	9,737
Prepaid Expenses	1,088,734	-	1,088,734
Total Assets	\$ 24,244,997	\$ 868,975	\$ 25,113,972
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts Payable	\$ 485,101	\$ 3,684	\$ 488,785
Accrued Salaries and Employee Benefits	224,426	-	224,426
Compensated Absences Payable	427,529	-	427,529
Payable to Special Revenue	115,028	-	115,028
Total Liabilities	\$ 1,252,084	\$ 3,684	\$ 1,255,768
Deferred Inflow of Resources			
Leases	\$ 659,979	\$ -	\$ 659,979
Fund Balances			
Assigned for Service Upgrades and Improvements	\$ 722,361	\$ 863,557	\$ 1,585,918
Committed for Outstanding Encumbrances	424,288	1,734	426,022
Unassigned	21,186,285	-	21,186,285
Fund Balances, End of Year	\$ 22,332,934	\$ 865,291	\$ 23,198,225
Total Liabilities and Fund Balances	\$ 24,244,997	\$ 868,975	

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 as assets in governmental funds. The cost of the assets is \$31,954,041 including \$381,649 of non-depreciable assets, and the accumulated depreciation is \$22,547,773.	\$ 9,406,268
Right to use leased assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$438,324 and the accumulated amortization is \$95,870.	342,454
Long-term debt issued for lease liabilities	30,932
Principal payments on long-term debt for lease liabilities	(420,674)
Subscription leased assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$567,659 and the accumulated amortization is \$288,689.	278,970
Long-term debt issued for SBITA liabilities	(423,943)
Principal payments on long-term debt for SBITA liabilities	156,403
Increase payments on debt service	(8,108)

Total Net Position - Governmental Activities	<u>\$ 32,560,527</u>
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See Accompanying Notes to Financial Statements

PIONEER LIBRARY SYSTEM
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Governmental Funds
For the Year Ended June 30, 2024

	General Fund	Gifts and Grants Fund	Total Governmental Funds
Revenues:			
Property Taxes	\$ 24,143,315	\$ -	\$ 24,143,315
Collections on Book Fines and Copy Services	182,468	-	182,468
Gifts and Grants	-	231,750	231,750
State Revenue	114,015	-	114,015
Other Contracts	81,324	-	81,324
Other Financing Sources	438,296	-	438,296
In-Kind Donations	-	6,947	6,947
Interest	869,560	48,729	918,289
Total Revenues	<u>\$ 25,828,978</u>	<u>\$ 287,426</u>	<u>\$ 26,116,404</u>
Expenditures			
Personal Services	\$ 13,194,310	\$ -	\$ 13,194,310
Materials	3,685,587	154,271	3,839,858
General and Administrative	3,414,389	-	3,414,389
Technology and Automation	1,990,481	-	1,990,481
System Services	1,101,435	-	1,101,435
Total Expenditures	<u>\$ 23,386,202</u>	<u>\$ 154,271</u>	<u>\$ 23,540,473</u>
Net Change in Fund Balance	\$ 2,442,776	\$ 133,155	\$ 2,575,931
Beginning Fund Balance	<u>19,890,158</u>	<u>732,136</u>	<u>20,622,294</u>
Ending Fund Balances	<u><u>\$ 22,332,934</u></u>	<u><u>\$ 865,291</u></u>	<u><u>\$ 23,198,225</u></u>
Total net changes in fund balances - governmental funds			\$ 2,575,931
The change in nets 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 in the statement of activities. This is the amount by which depreciation exceeds capital outlay during the period.			
	Depreciation Expense	\$ (2,661,728)	
	Capital Outlay	<u>2,773,369</u>	111,641
Amortization expense for intangible right to use lease assets.		\$ <u>(88,067)</u>	(88,067)
The issuance of long-term debt provides current financial resources to governmental funds while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. the amount is the net effect of these differences in the treatment of long-term debt.			
	Principal Payments on Long Term Debt	\$ <u>41,085</u>	41,085
Subscription based IT arrangement capital outlay expenditures which were capitalized		\$ 567,659	
Amortization expense for intangible subscription based IT arrangement assets.		<u>(288,689)</u>	278,970
The issuance of long-term debt provides current financial resources to governmental funds while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. the amount is the net effect of these differences in the treatment of long-term debt.			
	New Long Term Debt	\$ (423,943)	
	Principal Payments on Long Term Debt	<u>148,295</u>	(275,648)
Prior accumulated fund balance changes for subscription based IT arrangements			5,817
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 the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:			(13,502)
Disposals of non-depreciable capital assets			<u>(375,772)</u>
Change in net position of governmental activities			<u><u>\$ 2,260,455</u></u>

See Accompanying Notes to Financial Statements

PIONEER LIBRARY SYSTEM
Notes to Financial Statements
June 30, 2024

Note 1 – Summary of Significant Accounting Policies

The Reporting Entity –

Pioneer Library System (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.

The Library is governed by trustees composed of 13 voting members. The Library's operations are conducted by a librarian appointed by the trustees. Trustees include voting members who are appointees of the various cities and counties in which the Library has locations.

The Library's financial statements are prepared in accordance with generally accepted accounting principles in the United States of America (U.S. GAAP). The Library's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements and applicable Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless they conflict with GASB pronouncements. The Library's reporting entity does not apply FASB pronouncements or APB opinions issued after November 30, 1989.

Financial Statement Presentation –

In evaluating how to define the Library, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria established by the Governmental Accounting Standards Board (GASB). The basic -- but not the only -- criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the Library and/or its citizens, or whether the activity is conducted within the geographic boundaries of the Library and is generally available to its patrons. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the Library is able to exercise oversight responsibilities. Based upon the application of these criteria, the Pioneer Library System Foundation meets the criteria, which requires a component unit to be presented discretely and including in the System's reporting entity.

PIONEER LIBRARY SYSTEM
Notes to Financial Statements
June 30, 2024

Note 1 – Summary of Significant Account Policies (continued)

Complete financial statements for the Foundation are available from the Foundation's administrative office.

Basic Financial Statements – Government-Wide Statements –

The Library's basic financial statements include both government-wide (reporting the Library System as a whole) and 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 to avoid "doubling up" revenues and expenses.

In the government-wide Statement of Net Position, the Library's governmental activities are reported using the economic resources measurement focus and the accrual basis of accounting. The Library's net assets are reported in three parts – invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. Revenues are recognized when earned and expenses are recognized when incurred.

The government-wide Statement of Activities reports both the gross and net cost of each of the Library's programs and functions. The functions are also supported by general government revenues. The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

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

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

Basic Financial Statements – Fund Financial 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. Non-major funds are aggregated and presented in a single column.

PIONEER LIBRARY SYSTEM
Notes to Financial Statements
June 30, 2024

Note 1 – Summary of Significant Accounting Policies (continued)

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 Library reports the following major governmental funds:

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.

Gifts and Grants Fund – is used to account for all gifts and grants made to the Library, which are to be used for specific purposes.

Fund Balance:

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

1. Invested in capital assets – Consists of capital assets, net of accumulated depreciation.
2. Restricted net assets – 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 net assets – All other assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

When both restricted and unrestricted net assets are available for use, generally it is the Library's policy to use restricted resources first.

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

- a) Non-spendable – Includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual requirements

PIONEER LIBRARY SYSTEM
Notes to Financial Statements
June 30, 2024

Note 1 – Summary of Significant Accounting Policies (continued)

- b) Restricted – Includes fund balance amounts that are constrained for specific purposes which are externally imposed by contributors, grantors, or amounts constrained due to constitutional provisions or enabling legislation.
- c) Committed – Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the System through formal action of the highest level of decision making authority. The Board of Trustees is the highest level of decision making authority that can commit fund balance. Once committed, the limitation imposed remains in place until a similar action is taken to remove or revise the limitation.
- d) Assigned – Includes fund balance amounts that are constrained by the Library's intent to be used for specific purposes, but are neither restricted nor committed. Intent can be stipulated by the Board of Trustees. With the exception of the General Fund, this is the residual fund balance of the classification for all governmental funds with positive balances.
- e) Unassigned – Includes the residual balance of the General Fund that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes with the General Fund.

When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Library considers amounts to be spent first out of committed funds, then assigned funds, and finally unassigned funds as needed, unless the Board of Trustees has provided otherwise in its commitment or assignment actions.

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.

Capital Assets – Capital assets purchased or acquired with an original cost of \$1,000 or more are reported at historical cost or estimated historical cost. 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 expenses as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives

Furniture and Fixtures	7 years
Computer Equipment	4 years
Vehicles	5 years
Books and Materials	5 years
Buildings	40 years

PIONEER LIBRARY SYSTEM
Notes to Financial Statements
June 30, 2024

Note 1 – Summary of Significant Accounting Policies (continued)

Compensated Absences – The Library accrues accumulated unpaid annual leave when earned by the employee. Generally, annual leave must be taken during the calendar year earned. Eligible employees who end their employment with the Library are reimbursed for each day of accumulated annual leave.

Budgets and Budgetary Accounting – The Library is required by state law to prepare an annual budget. The budget is filed with the Oklahoma Department of Libraries, various City or Town Clerks if the City or Town has a PLS Board of Directors member, the County Commissioners and County Excise Boards of each County that is a Library member, the Oklahoma State Auditor, the Oklahoma State Inspector, and the State of Oklahoma Equalization Board.

Budgets generally assume the expenditure of all available resources. Therefore, when the legal budget is prepared, it is assumed these funds will not have a carryover balance to a subsequent year. Program revenue received but not spent is restricted and deferred to the subsequent fiscal year. Amounts reported as program revenue includes (1) charges to customers, (2) operating grants and contributions, and (3) capital grants and contributions.

Cash and Cash Equivalents – The Library considers all cash on hand, demand deposits, money market checking and certificates of deposit with an initial maturity of three months or less, held at an individual bank which are subject to early withdrawal penalties no matter what the maturity period, to be cash. All short-term cash surpluses are maintained in a cash pool, the earnings from which are allocated to each fund based on month-end deposit balances.

Fair Market Value Measurement – Fair value is defined as “the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants at a measurement date”.

Accounting standards set a framework for measuring fair value using a three tier hierarchy based on the extent to which inputs used in measuring fair value are observable in the market.

Level 1 – Values are unadjusted quoted prices for identical assets and liabilities in active markets that are accessible at the measurement date.

Level 2 – Inputs other than quoted prices for identical assets or liabilities that are observable in the market place. For example, Level 2 inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices are observable for the asset or liability (such as interest rates and yield curves, volatilities, prepayment speeds, loss severities, credit risks, and default rates), and market-corroborated inputs.

PIONEER LIBRARY SYSTEM
Notes to Financial Statements
June 30, 2024

Note 1 – Summary of Significant Accounting Policies (continued)

Level 3 – Inputs that are unobservable (supported by little or no market activity) and are significant to the fair value measurement. Unobservable inputs reflect the Library's best estimate of what hypothetical market participants would use to determine a transaction price for the asset or the liability at the reporting date.

Financial assets and liabilities carried at fair value on a recurring basis include beneficial interests in assets held by others.

Receivables – All taxes receivable are expected to be collected in one year.

Property Tax Revenues – Property taxes attach an enforceable lien on property as of January 1. Taxes are levied annually on November 1 and are due one-half by December 31 and one-half by March 31. The County Assessor's office bills and collects the property taxes and remits to the Library its portion. Property taxes not paid prior to April are considered delinquent. Such delinquent tax payments have not historically been material. Delinquent tax payments are received throughout the year and are recognized as revenue in the year received, except for those received within 60 days of year end, which are recognized as revenues as of June 30, 2024 in both the government-wide and fund financial statements.

State Revenues – The Library receives revenue from the state to administer certain categorical library programs.

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

Contributed Facilities and Services – The Library operates several branches located in government-owned buildings and receives certain services without charge. The estimated fair rental value of the premises and service is not reported in the accompanying statement of revenues, expenditures, and changes in fund balance.

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.

The Foundation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Foundation has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions. No provision for federal or state income taxes has been recorded.

PIONEER LIBRARY SYSTEM
Notes to Financial Statements
June 30, 2024

Note 1 – Summary of Significant Accounting Policies (continued)

There was no interest or penalties to the Internal Revenue Service included in these financial statements.

Tax years before 2020 are no longer subject to examination by the Internal Revenue Service and the State of Oklahoma.

Prepaid Expenses - The Library records prepaid insurance, subscriptions and maintenance agreements for that portion of payments which have not been used at year-end for government-wide financial statement purposes. Prepaid expense is included in other current assets in the statement of net assets.

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.

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, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) 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, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

See Note 6 for discussion of the System's deferred outflows of resources and deferred inflows of resources.

Use of Estimates - The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount 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. The System uses an estimate based on municipal bond rate yield curves as the discount rate for leases and subscription-based information technology arrangements unless the rate that the lessor/vendor charges is known.

PIONEER LIBRARY SYSTEM
Notes to Financial Statements
June 30, 2024

Note 1 – Summary of Significant Accounting Policies (continued)

New Accounting Pronouncements – During the year, the System implemented GASB Statement No. 99, *Omnibus 2022* and GASB Statement No. 100, *Accounting changes and error corrections – an amendment to GASB Statement No 62*. Statement No. 99 was issued to enhance the comparability in accounting and reporting and to improve the consistency of authoritative literature by addressing practice issues identified during implementation and application of certain GASB Statements and accounting and financial reporting for financial guarantees. This statement provided clarification of provisions in Statement No. 87, *Leases* and Statement No 96, *Subscription-Based Information Technology Arrangements*. The clarification on leases related to the determination of the lease term, the classification of a leased as a short-term lease and the recognition and measurement of a lease liability and a lease asset. The clarification on SBITA's related to the term, the classification of a SBITA as short-term, and recognition and measurement of the subscription liability. Statement 100 was issued to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity. The statement prescribes the accounting and financial reporting for each type of accounting change and error correction. The statement requires note disclosures in the financial statements providing descriptive information about the changes and the errors.

Note 2 – Cash and Investments

The Library's investment policies are governed by state statute. Permissible investments include direct obligations of the United States Government and Agencies; 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. A certificate of deposit in the amount of \$9,737 is pledged on a letter of credit for a security deposit.

Custodial Credit Risk - Deposits – Custodial credit risk is the risk that in the event of a bank failure, the Library's deposits may not be returned to it. At June 30, 2024, none of the Library's bank balance of 22,769,362 was exposed to custodial credit risk because it was not insured or collateralized. The balance is fully collateralized with securities held by First Fidelity Bank in the Library's name. The market value of these securities as of June 30, 2024 was \$27,778,465 plus \$250,000 of FDIC insurance gives coverage of \$28,028,465.

PIONEER LIBRARY SYSTEM
Notes to Financial Statements
June 30, 2024

Note 2 – Cash and Investments (continued)

Beneficial interest in assets held by others – In previous years the Library transferred funds to the Communities Foundation of Oklahoma (CFO) and the Norman Communities Foundation (managed by the Communities Foundation of Oklahoma) for investment. The recorded portion of all of these funds consists of transfers to CFO from the Library and the earnings thereon.

The following methods and assumptions were used to estimate the fair value of the beneficial interest in assets held by others reported at fair market value in the accompanying financial statements.

The organization believes that fair value of the future cash flows to be received from its beneficial interest in assets held by other the CFO which primarily include a diversified portfolio of marketable securities. The organization classifies its beneficial interest in the assets held by the CFO as level 3.

As of June 30, 2024, assets measured at fair value on a recurring basis are classified within the fair value hierarchy as follows:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Beneficial interest in assets held by CFO	<u>\$ 515,474</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 515,474</u>
Total Recurring Fair Value Measurements	<u><u>\$ 515,474</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 515,474</u></u>

Grant awards shall be available for distribution on a yearly basis, subject to final approval by the Board of Directors of CFO, and based on a specified percentage of the fair market value of assets on a rolling average of the previous eight quarters. The Community Foundation maintains variance power over these assets.

Variance power assures donors that if the charitable purpose of their contribution becomes impractical or impossible, the distributions will be directed to similar purposes in the community. The Library's board may, by an affirmative vote of two thirds of the board, for an unusual circumstance, recommend and request distribution of all or part of the assets held by CFO. However, the CFO has the ultimate authority over and control of all property held by CFO. No distributions were received for the year ended June 30, 2024 from the these combined funds.

PIONEER LIBRARY SYSTEM
Notes to Financial Statements
June 30, 2024

Note 2 – Cash and Investments (continued)

The Community Foundation maintains legal ownership of the funds. However, accounting principles generally accepted in the United States of America require the Organization to reflect its beneficial interest in these assets in its financial statements.

At June 30, 2024, assets transferred to the Community Foundation the Organization had a fair value of \$515,474 based on the approximate present value of future cash flows from CFO.

Direct donations to existing funds at the Community Foundation from individuals are restricted for endowment purposes and are not recorded as assets of the Library. Only the earnings on these funds can be distributed to the Library.

Distributions in the amount of \$1,798 for the year ended June 30, 2024, were received by the System. The fair value of the funds originally donated by third parties at June 30, 2024 was \$38,928. The Organization has no remainder interest in the corpus of these funds.

Note 3 – Collections

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

Note 4 – Lease Receivable

On November 1, 2013, the Library entered into a 20 year lease with the City of Norman, a related party, to lease building space to the city. The fixed payment increases \$.90 per square foot every five years of the lease term. The Library purchased \$500,000 and put into service \$500,000 of F&E that the City is repaying at a rate of \$50,000 per year for 10 years at 3.75% interest. The lease receivable was measured at the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 3.75% which is stated in the agreement. The repayment of the \$500,000 of F&E was paid off this year.

A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

PIONEER LIBRARY SYSTEM
Notes to Financial Statements
June 30, 2024

Note 4 – Lease Receivable (continued)

In fiscal year 2024, the Library recognized \$46,289 of lease revenue and \$24,378 of interest revenue under the lease which is included in Other Contracts on the Statement of Revenue, Expenditures, and Changes in Fund Balances – Governmental Funds.

The cost of the leased space is included in the Building category in Note 11 – Capital Assets, and the amount of accumulated depreciation thereon. The amount of cost attributable to only the leased space is not determinable and therefore not disclosed here.

The future minimum lease payments are due as follows:

Year Ending June 30	Principal Payments	Interest Payments	Total
2025	\$ 53,299	\$ 22,301	\$ 75,600
2026	55,332	20,268	75,600
2027	57,443	18,157	75,600
2028	59,635	15,965	75,600
2029	66,156	13,644	79,800
2030-2034	327,094	27,806	354,900
	<u>\$ 618,959</u>	<u>\$ 118,141</u>	<u>\$ 737,100</u>

Note 5 – Right to Use Assets

The Library has recorded right to use lease assets as a result of implementing GASB 87. The right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payment made prior to the lease term, less lease incentives, and plus any ancillary charges necessary to place the lease into service. The Library has recorded two types of right to use leased assets. The assets are right to use assets for 32 leased copiers and 1 leased postage machine. The right to use leased assets are amortized on a straight-line basis over the terms of the related leases.

PIONEER LIBRARY SYSTEM
Notes to Financial Statements
June 30, 2024

Note 5 – Right to Use Assets (continued)

Right to use asset activity for the Primary Government for the year ended June 30, 2024 was as follows:

	Balance June 30, 2023	Increases	Decreases	Balance June 30, 2024
Right to use assets				
Leased copiers	\$ 219,812	\$ 420,674	\$ 219,812	\$ 420,674
Leased postage meter	17,650	-	-	17,650
Total right to use assets	<u>\$ 237,462</u>	<u>\$ 420,674</u>	<u>\$ 219,812</u>	<u>\$ 438,324</u>
Less accumulated amortization for:				
Leased copiers	219,854	84,186	219,854	84,186
Leased postage meter	7,803	3,881	-	11,684
Total accumulated amortization	<u>227,657</u>	<u>88,067</u>	<u>219,854</u>	<u>95,870</u>
Right to use assets, net	<u>\$ 9,805</u>	<u>\$ 332,607</u>	<u>\$ (42)</u>	<u>\$ 342,454</u>

Note 6 – Deferred Outflows/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, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The system has no current items that meet this criterion. 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, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The system has one item that meets the criterion for this category - leases. Refer to Note 4.

Note 7 – Long-Term Obligations

Leases

The Library has entered into agreements to lease certain equipment. The lease agreements qualify as other than short-term leases under GASB 87 and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

The first lease agreement was executed on 1/1/2021 to lease a postage machine and requires twenty quarterly payments of \$1,071. There are no variable components of this lease. The lease liability is measured at a discount rate of 4.3% which was the rate provided to the Library by its bank. As a result of this lease the Library has recorded a right to use asset with a current net book value of \$5,925.

PIONEER LIBRARY SYSTEM
Notes to Financial Statements
June 30, 2024

Note 7 – Long-Term Obligations (continued)

The second lease agreement was executed on 12/8/2023 to lease thirty-two copiers and requires sixty monthly lease payments of \$7,818. There are no variable components of this lease. The lease liability is measured at a discount rate of 4.3% which was the rate provided to the Library by its bank. As a result of this lease the Library has recorded a right to use asset with a current net book value of \$336,519.

The future minimum lease obligations and net present value of these minimum lease payments as of June 30, 2024, were as follows:

Year Ending June 30	Principal Payments	Interest Payments	Total
2025	\$ 82,776	\$ 15,139	\$ 97,915
2026	85,351	11,523	96,874
2027	85,802	7,859	93,661
2028	89,557	4,073	93,630
2029	46,256	590	46,846
	<u>\$ 389,742</u>	<u>\$ 39,184</u>	<u>\$ 428,926</u>

Note 8 – Subscription-Based Information Technology Arrangements (SBITAs)

The System has entered into subscription-based technology arrangements involving various library management and operational software with terms ranging from 1.5 to 6 years.

A summary of SBITA asset activity during the year ended June 30, 2024, for the system is as follows:

	Balance June 30, 2023	Increases	Decreases	Balance June 30, 2024
Other capital assets				
SBITA	\$ 550,037	\$ 17,622	\$ -	\$ 567,659
Total capital assets (intangible)	<u>\$ 550,037</u>	<u>\$ 17,622</u>	<u>-</u>	<u>\$ 567,659</u>
Less accumulated amortization				
SBITA	(141,426)	(147,263)	-	(288,689)
Total accumulated amortization	<u>(141,426)</u>	<u>(147,263)</u>	<u>-</u>	<u>(288,689)</u>
Other capital assets, net	<u>\$ 408,611</u>	<u>\$ (129,641)</u>	<u>\$ -</u>	<u>\$ 278,970</u>

PIONEER LIBRARY SYSTEM
Notes to Financial Statements
June 30, 2024

Note 8 – Subscription-Based Information Technology Arrangements (SBITAs)
(continued)

SBITA Obligations during the year ended June 30, 2024, for the system is as follows:

	Balance June 30, 2023	Increases	Decreases	Balance June 30, 2024	Amounts Due Within One Year
Lease Obligations	\$ 406,321	\$ 17,622	\$ 148,295	\$ 275,648	\$ 148,295
	<u>\$ 406,321</u>	<u>\$ 17,622</u>	<u>\$ 148,295</u>	<u>\$ 275,648</u>	<u>\$ 148,295</u>

The future subscription payments under SBITAs for the System are as follows:

Year Ending June 30	Principal Payments	Interest Payments	Total
2025	\$ 152,416	\$ 5,309	\$ 157,725
2026	60,821	2,856	63,677
2027	62,411	1,457	63,868
	<u>\$ 275,648</u>	<u>\$ 9,622</u>	<u>\$ 285,270</u>

Note 9 – Short-Term Borrowing

On an annual basis, the Library utilizes short-term unsecured promissory notes in anticipation of the collection of ad valorem taxes. In accordance with Title 65 Section 4-105 of the Oklahoma Statutes, the term of the loan may not exceed one year. As of June 30, 2024, no balance was owed. No interest expense was paid or incurred during the year ended June 30, 2024 related to short-term borrowing.

Note 10 – Other Current Liabilities

The liability balance and activity for the year were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Compensated Absences	\$ 420,613	655,969	649,053	\$ 427,529	\$ 427,529

The general fund will be used to settle the compensated absences liability.

Note 11– Commitments

Encumbrances – As discussed in Note 1 above, budgetary information, budgetary basis of accounting, and encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control.

PIONEER LIBRARY SYSTEM
Notes to Financial Statements
June 30, 2024

Note 11– Commitments (continued)

At June 30, 2024 the amount of encumbrances expected to be honored upon performance by the vendor in the next year were:

General Fund	\$ 424,288
Gifts and Grants Fund	<u>1,734</u>
Total	<u>\$ 426,022</u>

Note 12 – Capital Assets

Subscription based information technology arrangement assets are amortized over the shorter of useful life or the term of the associated contract.

Capital assets of the System at June 30, 2024 are as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Non-depreciable Capital Assets:				
Land	\$ 161,179	\$ -	\$ -	\$ 161,179
Computer Equipment	<u>375,772</u>	<u>220,470</u>	<u>375,772</u>	<u>220,470</u>
Total Non-Depreciable Capital Assets	<u>\$ 536,951</u>	<u>\$ 220,470</u>	<u>\$ 375,772</u>	<u>\$ 381,649</u>
Depreciable Capital Assets:				
Library Books	\$ 17,261,318	\$ 1,261,734	\$ 907,405	\$ 17,615,647
Building	5,147,902	-	-	5,147,902
Furniture and Fixtures	1,343,856	134,394	1,399	1,476,851
Computer Equipment	5,857,126	1,044,722	177,130	6,724,718
Vehicles	<u>557,898</u>	<u>112,049</u>	<u>62,673</u>	<u>607,274</u>
Total Depreciable Capital Assets	<u>30,168,100</u>	<u>2,552,899</u>	<u>1,148,607</u>	<u>31,572,392</u>
Less Accumulated Depreciation for:				
Library Books	14,056,703	1,639,557	907,405	14,788,855
Building	1,078,043	136,027	-	1,214,070
Furniture and Fixtures	1,196,910	40,404	1,399	1,235,915
Computer Equipment	4,265,207	786,533	163,628	4,888,112
Vehicles	<u>424,287</u>	<u>59,207</u>	<u>62,673</u>	<u>420,821</u>
Total Accumulated Depreciation	<u>21,021,150</u>	<u>2,661,728</u>	<u>1,135,105</u>	<u>22,547,773</u>
Total Depreciable Capital Assets, Net	<u>\$ 9,146,950</u>	<u>\$ (108,829)</u>	<u>\$ 13,502</u>	<u>\$ 9,024,619</u>

PIONEER LIBRARY SYSTEM
Notes to Financial Statements
June 30, 2024

Note 13 – Fund Balance

The following table shows the fund balance classifications as shown on the governmental funds balance sheet as of June 30, 2024:

	General Fund	Gifts and Grants Fund	Total Governmental Funds
Fund Balance			
Assigned:			
Cleveland County Libraries	\$ 124,560	\$ -	\$ 124,560
Moore Library Project	150,806	-	150,806
McClain County Libraries	173,995	-	173,995
Pottawatomie County Libraries	50,000	-	50,000
Library Projects	220,000	-	220,000
Special Revenue Funds	-	863,557	863,557
Committed:			
Reserved for Encumbrances	424,288	1,734	426,022
Unassigned	21,189,285	-	21,189,285
Total Fund Balance	<u>\$ 22,332,934</u>	<u>\$ 865,291</u>	<u>\$ 23,198,225</u>

Note 14– Defined Contribution Retirement Plan

Plan Description - On January 1, 2009 the Library implemented this plan. Normal retirement age for this plan is 65 years of age. Death and deferred vested benefits are also available under this plan. All benefits vest after 5 years of credited service. Employees who retire after age sixty-five will receive their vested benefits in one of the following manners out of the amount accumulated in their accounts: (i) by lump sum payments, or (ii) in equal monthly, quarterly, semi-annual or annual installment payments; provided an installment election must be for a period less than their life expectancy or the life expectancy of their beneficiaries.

Funding Policy - Employees of the Library are not required to contribute to the plan. The Library makes an annual contribution based on a percentage of an employee's salary. For employees that were members of the Defined Benefit retirement plan that was frozen in 2008, the percentage of salary was based on an actuarial calculation that was done in 2008. These percentages were reviewed and recalculated during the current year which resulted in several of the percentages being changed. These new percentages were used when calculating the contributions to participants' accounts for 2024. The Pioneer Library System Board of Trustees has the authority to establish and or amend the funding policy of the plan. Contributions paid to the plan for the year ended June 30, 2024 totaled \$476,896.

PIONEER LIBRARY SYSTEM
Notes to Financial Statements
June 30, 2024

Note 15 – Risk Management

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

Note 16 – Termination Benefits

The Library offered a one-time voluntary retirement incentive to up to 3 employees. To be eligible the employee was required to be a salaried employee and to have 15 years of service with the Library. The first 3 employees who completed and returned a signed offer agreement were selected to receive the benefit. By accepting the offer the employees agreed to a retirement date of May 1, 2024. The offer was for the employee to receive a one-time payment in the amount equal to their annual salary. The total amount of payments issued to employees was \$95,782. Payments were issued on May 15, 2024.

Note 17 – Subsequent Events

Subsequent events have been evaluated through the issuance date of this report.

The system continues to operate at pre-pandemic service levels at the essential services provided in the previous phase.

PIONEER LIBRARY SYSTEM
Budgetary Comparison Schedule - General Fund (Unaudited)
June 30, 2024

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts GAAP Basis	Budget to GAAP Differences Over(Under)	Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
Resources (inflows)						
Property Taxes	\$ 21,910,706	\$23,814,474	\$ 24,143,315	\$ 105,648	\$ 24,037,667	\$ 223,193
State Revenue	112,782	112,782	114,015	-	114,015	1,233
Interest	320,000	375,000	869,560	24,914	844,646	469,646
Other Financing Sources	-	-	438,296	438,296	-	-
Other	242,385	241,021	263,792	24,952	238,840	(2,181)
Use of Designated Fund Balance	-	486,266	-	-	-	(486,266)
Amounts Available for Appropriation	<u>22,585,873</u>	<u>25,029,543</u>	<u>25,828,978</u>	<u>593,810</u>	<u>25,235,168</u>	<u>205,625</u>
Charges to Appropriations (outflows)						
Personnel Services	14,024,172	14,905,443	13,194,310	(19,756)	13,174,554	1,730,889
Materials	3,090,000	3,750,000	3,685,587	56,783	3,742,370	7,630
General and Administrative	2,240,230	2,669,100	3,414,389	(625,437)	2,788,952	(119,852)
Technology	2,012,265	2,500,000	1,990,481	11,052	2,001,533	498,467
System Services	<u>1,003,864</u>	<u>1,205,000</u>	<u>1,101,435</u>	<u>83,906</u>	<u>1,185,341</u>	<u>19,659</u>
Total Charges to Appropriations	22,370,531	25,029,543	23,386,202	(493,452)	22,892,750	2,136,793
Change in Net Assets	215,342	-	2,442,776	1,087,262	2,342,418	(1,931,168)
Beginning Fund Balance	<u>17,025,094</u>	<u>19,359,600</u>	<u>19,359,600</u>	-	<u>19,359,600</u>	-
Ending Fund Balance	<u>\$ 17,240,436</u>	<u>\$ 19,359,600</u>	<u>\$ 21,802,376</u>	<u>\$ 1,087,262</u>	<u>\$ 21,702,018</u>	<u>\$ (1,931,168)</u>

Budget to Actual Reconciliation:

Revenues on a budgetary basis are based on cash received rather than the modified accrual basis used for financial reporting

\$ 593,810

Encumbrances for the prior fiscal year which were included in the year ordered for budgetary purposes but were cancelled during the current budgetary year

493,452

\$1,087,262

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

Notes to required Budgetary Information

Note Budgeting and Budgetary Control

Oklahoma Statue requires the System to prepare an annual budget. The budget is filed with the various County Excise Boards. The System adopts its budget at the fund level.

Budgetary Basis of Accounting

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



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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

September 20, 2024

To the Board of Trustees of
Pioneer Library System
Norman, Oklahoma

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, the aggregate discretely presented component unit, each major fund and the fiduciary fund type of Pioneer Library System (the System), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the System's basic financial statements, and have issued our report thereon dated September 20, 2024. The financial statements of the aggregate discretely presented component unit, the Pioneer Library System Foundation, were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Pioneer Library System Foundation.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the System's internal control over financial reporting (internal control) as a basis for designing 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 System's internal control. Accordingly, we do not express an opinion on the effectiveness of the System'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.



To the Board of Trustees of
Pioneer Library System
September 20, 2024

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the System'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 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.

GRAY, BLODGETT & COMPANY, PLLC

A handwritten signature in black ink that reads "Gray, Blodgett & Company, PLLC". The signature is written in a cursive, flowing style.