

EASTERN OKLAHOMA LIBRARY SYSTEM

MUSKOGEE, OKLAHOMA

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
JUNE 30, 2024**

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

EASTERN OKLAHOMA LIBRARY SYSTEM

Year Ended June 30, 2024

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**EASTERN OKLAHOMA LIBRARY SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2024
(Unaudited)**

Management's Discussion and Analysis Eastern Oklahoma Library System
Fiscal Year Ending June 30, 2024

Introduction

Fiscal year 2024 has been an exciting period for the Eastern Oklahoma Library System (EOLS). The year saw a change in leadership, the temporary closing of two libraries, initial steps toward a new financial and talent management system, and the soft kickoff of a facilities improvement campaign.

Though challenging, these shifts are already generating new ideas, offering more transparency, and creating energy across the system. Combining financial and talent management systems will realize efficient and streamlined processes. The *Imagine More* campaign will result in collaborative, five-year plans to improve facilities and ensure consistent upkeep.

EOLS leadership is enthusiastic and committed, salaries are competitive, and increased communication with city officials and the community is underway. With the invaluable support of board members, town and city governments, Friends of the Library groups, and generous community entities who firmly love libraries, EOLS is well-positioned to provide the facilities and services required by today's library patrons.

Governance

Thanks to Board Chair Reggie Cotton, Vice-chair Angy Purget, and Treasurer Sally Meador for their leadership. It was a year of change at EOLS, and they managed it confidently and proficiently. The Board oversaw a system leadership change, migration to an integrated financial talent management system, and a payroll adjustment from monthly to bi-weekly.

**EASTERN OKLAHOMA LIBRARY SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2024
(Unaudited)**

Fiscal Year 2024 Trustees

Name	Represents
Cotton, Reggie, <i>President</i>	City of Muskogee
Purget, Angy, <i>Vice President</i>	City of Hulbert
Meador, Sally - <i>Treasurer</i>	City of Checotah
Burris, Robyn	City of Eufaula
Deaton, Sherry	City of Fort Gibson
Eckstein, William	Adair County
Farrier, Nancy	City of Stilwell
Franke, Todd	Delaware County
Ghormley, Sue Ann	City of Westville
Glenn, Peggy	City of Tahlequah
Jackson, Mike	City of Warner
Martin, Karen	McIntosh County
Rau, Walter "Allan"	Sequoyah County
Ross, Yolette	Cherokee Co.
Sparkman, Tammy	City of Muldrow
Thompson, Tim	Muskogee County
Trumbull, Kelly	City of Grove
Vann, Shannon	City of Sallisaw
VanSandt, Andrea	City of Kansas
Waterbury, Judy	City of Jay
Vacant	City of Haskell

FY 2024 Activities and Services in Review

EOLS proved again the relevance and importance of libraries to 21st-century patrons with significant increases in several areas thanks to the concerted efforts of staff across the system. Several libraries also added new activities and services that encourage early childhood literacy and healthy living.

- Our system-wide initiative to enhance online access has been a resounding success, leading to a **19% increase** in e-circulation. This achievement is a testament to a collective effort from our marketing, technical services, and branch locations.
- We are delighted to report a **21% increase** in patron visits, indicating our libraries' growing impact and relevance in the community. This is a clear sign of the value our patrons place on the services we provide.

**EASTERN OKLAHOMA LIBRARY SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2024
(Unaudited)**

- We experienced a **7% increase** in program attendance, with 64,809 attendees across 3,560 programs. Touch-a-Truck, Muskogee Public Library's popular annual fundraiser, saw over **1,500 attendees** this year and raised over \$6,000 for summer programs.
- Thanks to generous grants and supporters, we added outdoor story walks and a music garden so patrons can enjoy **outdoor literacy activities**.
- Literacy had two graduates from the online GED program, and one person passed the citizenship test.

Executive Leadership

Mary Moroney retired from EOLS in December 2023 after 41 years of service. Her tenure included working in the Muskogee Public Library and serving as the System's automation and technical services coordinator before becoming the assistant director in 1995 and the executive director in 2009.

Long-time Technical Services Manager Gloria Farmer announced her retirement after 37 years in technical services. In preparation for her departure, she worked closely with the current technical services assistant, Rachel Reid, on a succession plan. The two spent a year preparing for the transition.

As I take over the leadership role for the System, I am grateful for Mary and Gloria's legacy. EOLS is fortunate to have had such steady hands at the helm for so many years. They leave us with talented and capable staff and detailed policies. Nine out of 11 branch managers have or are working toward their master's degree in library and information services, and central services managers are experts in their respective fields. Together, they are moving the agency forward in technology, community relations, talent management, and financial sustainability.

I am confident the EOLS will thrive going forward.

Integrated Financial and Talent Management System

EOLS' growth and evolving services model necessitated the move to a more integrated financial and talent management system. In April 2024, the Board voted to migrate to Sage Intacct Financial and ADP. The upgraded system will provide real-time access to revenue and expenses, modernized data entry and reporting, and integrated time and payroll management.

Business Manager Shelley Brandon and Human Resources Coordinator Shavonne Cragg began migrating data in early June. Their direction is already leading to improved services. The anticipated timeline for implementation is as follows.

Sage Financial

- June: Preliminary meetings with Sage to map the project.
- July - August: Historical data extraction and system-building
- September: New FY data entry
- October - System testing and refining

**EASTERN OKLAHOMA LIBRARY SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2024
(Unaudited)**

ADP Talent Management

- June: Preliminary meetings with ADP to map the project.
- July - August: Historical data extraction and system-building
- September: Payroll testing and initial run
- October: System refining

Buildings and Facilities

During the challenging period of library closures due to mold, we are deeply grateful for the overwhelming support from our cities, the EOLS Board of Trustees, and generous community businesses and organizations. Their support has been integral to our efforts to reopen our Warner and Eufaula branches. To date, we have secured \$187,500 for mold remediation, repairs, and renovations and have another \$95,000 in outstanding requests.

The closures served as a system-wide soft launch of a facilities improvement campaign. Many EOLS libraries were constructed in the 1970s and 1980s. Some still have the original paint, flooring, and lighting systems. Our *Imagine More* campaign aims to complete initial updates on the buildings most in need and create a five-year capital outlay plan to ensure proper upkeep of all system buildings. Five-year plans will outline facility needs, city collaboration requests, and external funding opportunities.

Policy Updates

This past year, EOLS revised five operating policies.

- Mileage Reimbursement Policy, September 26, 2023
- Equal Employment Opportunity Policy, November 14, 2023
- Anti-harassment / Sexual Harassment Policy, November 14, 2023
- Operational Succession Plan, November 14, 2023
- Materials Selection Policy, March 26, 2024

Financial Discussion and Analysis of Fiscal Year 2024

EOLS saw an 11% revenue increase over the previous year. The increase resulted from higher interest rates, 82.5%, and a 5.67% increase in ad valorem tax. Expenses decreased by 1%. The System is in good standing for the upcoming fiscal year.

Revenue and Expenses

EOLS generates two types of revenue: general and special. General revenue includes ad valorem taxes, patron fees, interest, and state aid. Special revenue includes donations, book sales, and grants. Donations vary by branch, and the money raised benefits the community from which it was raised.

Total FY 2024 revenue was \$6,870,633, with \$6,695,361 generated from general and \$175,272 from special. EOLS invested ad valorem taxes and reserve funds. These investments generated \$195,850 of the total revenue for the system.

**EASTERN OKLAHOMA LIBRARY SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2024
(Unaudited)**

Total expenses were \$6,171,604. Expenses from the general fund were \$6,017,881, and \$153,724 from the special fund.

Expense	FY24		FY23	
Staff	\$ 4,051,043	66%	\$ 4,045,124	63%
Materials	\$ 950,060	15%	\$ 946,488	15%
Operations	\$ 961,979	16%	\$ 1,148,511	18%
Equipment	\$ 132,418	3%	\$ 285,013	4%

The Future is Bright

FY 2024 was a successful year for EOLS. We look forward to continuing our success in FY 2025.

Prepared by
Kathy Seibold, Executive Director

EASTERN OKLAHOMA LIBRARY SYSTEM
COMBINED STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES--BUDGET AND ACTUAL--GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Unaudited)

	Proposed Budget	Approved Budget	Actual	Variance Favorable (Unfavorable)
<u>REVENUES</u>				
Ad Valorem, Sales Tax & City Support	\$5,318,912	\$ 5,318,912	\$6,242,398	\$ 923,486
Oklahoma Dept of Libraries State Aid	85,000	85,000	83,473	(1,527)
Other Grants/Donations				-
Other Revenues	84,000	84,000	88,080	4,080
Interest Revenue	50,000	50,000	194,864	144,864
McIntosh Co Sales Tax/Muldraw City Support/Fort Gibson City Support/Jay City Support	159,548	159,548	137,942	(21,606)
Total Revenues	5,697,460	5,697,460	6,746,757	1,049,297
<u>EXPENDITURES</u>				
Staff Expenditures	4,095,200	4,095,200	4,051,043	44,157
Supplies & Other Expenditures	1,268,772	1,268,772	961,980	306,792
Total Expenditures	5,363,972	5,363,972	5,013,023	350,949
NET INCREASE (DECREASE)	333,488	333,488	1,733,734	1,400,246
<u>OTHER FINANCING SOURCES (USES)</u>				
Capital outlay				
Informational materials (books)	1,112,200	1,112,200	950,060	(162,140)
Equipment and furnishings	-	208,000	54,798	(153,202)
FY23 Revenue carryover	1,071,712	1,071,712	677,480	(394,232)
Total Other Financing Sources	2,183,912	2,391,912	1,682,338	(709,574)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	\$2,517,400	\$ 2,725,400	\$3,416,072	\$ 690,672

Revenue carryovers and grant funding cover budget deficiencies.

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

EASTERN OKLAHOMA LIBRARY SYSTEM

GASB 68 PENSION SCHEDULES AND RELATED RATIOS

FOR THE YEAR ENDED JUNE 30, 2024

Schedule 1

Schedule of Proportionate Shares

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Library proportion of the net pension liability	0.11513746%	0.11193376%	0.11661584%	0.11404371%	0.12622963%	0.11081704%	0.11381894%	0.10044798%	0.10563111%	0.10898829%
Library proportional share of the net pension liability	\$ 526,778	\$ 940,876	\$ (1,565,172)	\$ 1,017,456	\$ 168,123	\$ 216,141	\$ 615,377	\$ 996,676	\$ 379,938	\$ 1,214,500
Library covered-employee payroll	2,336,918	1,985,851	2,013,763	2,066,964	2,006,290	1,959,767	1,863,503	1,805,796	1,700,031	1,835,549
Library proportionate share of the net pension liability as a percentage of covered payroll	22.54%	47.38%	-77.72%	49.22%	8.38%	11.03%	33.02%	55.19%	22.35%	66.17%
OPERS fiduciary net position as a percentage of the total pension liability	95.91%	92.24%	112.51%	91.59%	98.63%	97.96%	94.28%	89.48%	96.00%	97.90%

Schedule 2

Schedule of Contributions

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 340,352	\$ 316,293	\$ 320,436	\$ 312,766	\$ 332,226	\$ 286,334	\$ 306,169	\$ 297,751	\$ 308,106	\$ 304,667
Contributions in relation the contractually required contributions	340,538	312,536	318,495	315,343	329,378	287,460	309,563	299,644	305,860	306,502
Contribution deficiency (excess)	(186)	3,757	1,941	(2,577)	2,848	(1,126)	(3,394)	(1,893)	2,246	(1,835)
Library's covered employee payroll	2,336,918	1,985,851	2,013,763	2,066,964	2,006,290	1,959,767	1,863,503	1,805,796	1,700,031	1,835,549
Contributions as a percentage of covered employee payroll	14.57%	15.74%	15.82%	15.26%	16.42%	14.67%	16.61%	16.59%	17.99%	16.70%

Notes to schedule:

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

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

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

EASTERN OKLAHOMA LIBRARY SYSTEM

GASB 75 OPEB SCHEDULES AND RELATED RATIOS

FOR THE YEAR ENDED JUNE 30, 2024

Schedule 1

Schedule of Proportionate Shares

	2023	2022	2021	2020	2019	2018	2017
Library proportion of the OPEB liability	0.11513746%	0.11193376%	0.11661584%	0.11404371%	0.12622963%	0.11081704%	0.11381894%
Library proportional share of the OPEB liability	\$ (146,995)	\$ (104,756)	\$ (160,326)	\$ (53,467)	\$ (49,073)	\$ (14,341)	\$ 13,037
Library covered-employee payroll	2,336,918	1,985,851	2,013,763	2,066,964	2,006,290	1,959,767	1,805,796
Library proportionate share of the OPEB liability as a percentage of covered payroll	-6.29%	-5.28%	-7.96%	-2.59%	-2.45%	-0.73%	0.72%
OPERS fiduciary net position as a percentage of the total OPEB liability	141.38%	130.01%	142.87%	114.27%	112.11%	103.94%	96.50%

Schedule 2

Schedule of Contributions

	2023	2022	2021	2020	2019	2018	2017
Contractually required contribution	\$ 19,288	\$ 18,563	\$ 20,613	\$ 21,937	\$ 23,660	\$ 21,144	\$ 21,430
Contributions in relation the contractually required contributions	19,986	20,104	22,339	22,458	24,322	20,120	21,667
Contribution deficiency (excess)	(698)	(1,541)	(1,726)	(521)	(662)	1,024	(237)
Library's covered employee payroll	2,336,918	1,985,851	2,013,763	2,066,964	2,006,290	1,959,767	1,805,796
Contributions as a percentage of covered employee payroll	0.86%	1.01%	1.11%	1.09%	1.21%	1.03%	1.20%

Notes to schedule:

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

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

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

JACKSON, FOX and RICHARDSON

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Eastern Oklahoma Library System
Muskogee, Oklahoma

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Eastern Oklahoma Library System (the Library), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Eastern Oklahoma Library System's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Eastern Oklahoma Library System, as of June 30, 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Library and to meet our 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 opinion.

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 Library's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's 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 auditor's 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 aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-7, the Statement of Revenues and Expenses-General Fund-Budget to Actual on page 8, and the Pension/OPEB Schedules on pages 9-10 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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

Jackson, Fox ; Richardson PC

Ardmore, Oklahoma
September 20, 2024

EASTERN OKLAHOMA LIBRARY SYSTEM
STATEMENT OF NET POSITION
JUNE 30, 2024

<u>ASSETS AND OTHER DEBITS</u>	General	Special Revenue	Totals
Assets:			
Cash and Cash Equivalents	\$ 3,638,909	\$ 793,877	\$ 4,432,786
Certificates of Deposit	1,902,314	-	1,902,314
Receivables			
Ad Valorem Tax	174,416	-	174,416
Sales Tax	21,221	-	21,221
Prepaid Expenditures	2,632	-	2,632
OPEB Asset	146,995	-	146,995
Property, Plant and Equipment:			
Informational materials	11,556,993	141,129	11,698,122
Furniture and equipment	2,856,143	-	2,856,143
Leased asset	208,474	-	208,474
Fine Art	87,046	-	87,046
Less: Accumulated depreciation	(11,159,717)	(113,734)	(11,273,451)
Less: Accumulated amortization	(156,355)	-	(156,355)
Total Assets and Other Debits	\$ 9,279,071	\$ 821,272	\$ 10,100,343
Deferred Outflows of Resources	\$ 979,602	\$ -	\$ 979,602
<u>LIABILITIES, EQUITY AND OTHER CREDITS</u>			
Liabilities:			
Accounts Payable	\$ (139)	\$ (45)	\$ (184)
Compensated Absences Payable	127,607	-	127,607
Accrued Payroll and Related Costs	98,111	-	98,111
Net Pension Liability	526,777	-	526,777
Leased liability	22,441	-	22,441
Total Liabilities	\$ 774,797	\$ (45)	\$ 774,752
Deferred Inflow of Resources	\$ 58,334	\$ -	\$ 58,334
Net Position:			
Net Investment in Capital Assets	3,370,143	27,395	3,397,538
Restricted	-	793,922	793,922
Unrestricted	6,055,399	-	6,055,399
Total Net Position	\$ 9,425,542	\$ 821,317	\$ 10,246,859

The accompanying notes are an integral part of this financial statement

**EASTERN OKLAHOMA LIBRARY SYSTEM
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024**

		Program Revenues		Net (Expense) Revenue and Change in Net Assets
Primary Government	Expenses	Charges for Services	Grants and Donations	Governmental Activities
Governmental Activities				
Operating Expenses	\$ 787,380	\$ 104,930	\$ 86,157	\$ (596,293)
Personnel Services	3,906,241	-	-	(3,906,241)
Supplies & Other Expenses	181,062	-	-	(181,062)
Materials	171,101	-	-	(171,101)
Depreciation & Amortization	936,668	-	-	(936,668)
Total Governmental Activities	<u>\$ 5,982,452</u>	<u>\$ 104,930</u>	<u>\$ 86,157</u>	<u>\$ (5,791,365)</u>
General Revenue				
Ad Valorem, Sales Tax, and City Support				6,478,978
State Aid Support				100,008
Interest				195,850
Miscellaneous				3,101
Gain/(Loss) on Sale				(5,343)
Total General Revenue				<u>\$ 6,772,594</u>
Change in Net Assets				\$ 981,229
Net Position, July 1, 2023				9,265,630
Net Position, June 30, 2024				<u>\$ 10,246,859</u>

The accompanying notes are an integral part of this financial statement.

**EASTERN OKLAHOMA LIBRARY SYSTEM
BALANCE SHEET-GOVERNMENTAL FUNDS
JUNE 30, 2024**

<u>ASSETS AND OTHER DEBITS</u>	General	Special Revenue	Totals
Cash and Cash Equivalents	\$ 3,638,909	\$ 793,877	\$ 4,432,786
Certificates of Deposit	1,902,314	-	1,902,314
Taxes Receivables	195,637	-	195,637
Prepaid Expenditures	2,632	-	2,632
 Total Assets	 \$ 5,739,492	 \$ 793,877	 \$ 6,533,369
 <u>LIABILITIES AND FUND BALANCE</u>			
Liabilities:			
Accounts Payable	\$ (139)	\$ (45)	\$ (184)
Compensated Absences Payable	127,607	-	127,607
Accrued Payroll and Related Costs	98,111	-	98,111
 Total Liabilities	 \$ 225,579	 \$ (45)	 \$ 225,534
 Fund Balances			
Assigned	-	-	-
Committed	224,291	-	224,291
Unassigned	5,289,622	793,922	6,083,544
 Fund Balances, end of year	 \$ 5,513,913	 \$ 793,922	 \$ 6,307,835
 Total Liabilities and Fund Balances	 \$ 5,739,492	 \$ 793,877	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in assets in governmental funds. The costs of these assets are \$14,849,785 and the accumulated depreciation is \$11,429,806	3,419,979
Long-term liabilities that pertain to governmental funds are not due and payable in the current period and therefore are not reported as fund liabilities.	
Lease liability	(22,441)
Net pension liability	(526,777)
Other Post-Employment Benefits liability (OPEB liability)	146,995
Deferred outflows of resources related to net pension liability/OPEB liability	979,602
Deferred inflows of resources related to net pension liability/OPEB liability	(58,334)
 Total Net Position - Governmental Activities	 \$ 10,246,859

The accompanying notes are an integral part of this financial statement.

**EASTERN OKLAHOMA LIBRARY SYSTEM
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2024**

	General Fund	Special Revenue	Governmental Funds
Revenues			
Ad Valorem, Sales Tax & City Support	\$ 6,478,978	\$ -	\$ 6,478,978
State Aid	83,473	16,535	100,008
Grants/Donations	-	86,157	86,157
Other Revenues	88,080	19,952	108,032
Interest Revenue	194,864	986	195,850
			-
Total Revenues	\$ 6,845,395	\$ 123,630	\$ 6,969,025
Expenditures			
Staff Expenditures	\$ 3,979,823	\$ -	\$ 3,979,823
Supplies and Other Expenditures	154,539	26,523	181,062
Materials	950,061	3,441	953,502
Furniture and Equipment	132,419	-	132,419
Operations	807,440	45,893	853,333
			-
Total Expenditures	6,024,282	75,857	6,100,139
Net Change in Fund Balance	\$ 821,113	\$ 47,773	\$ 868,886
Beginning Fund Balance	4,666,575	772,374	5,438,949
Interfund Transfers	26,225	(26,225)	-
Ending Fund Balance	\$ 5,513,913	\$ 793,922	\$ 6,307,835
Total net changes in fund balances - governmental funds			\$ 868,886

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

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

Depreciation expense	\$ (936,668)	
Capital outlays	914,820	(21,848)

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

(5,343)

Change in expenditures related to leased asset:

65,954

Change in pension expense per actuarial calculation:

73,580

Change in net position of governmental activities

\$ 981,229

The accompanying notes are an integral part of this financial statement.

**EASTERN OKLAHOMA LIBRARY SYSTEM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Basic Financial Statements – Government-Wide Statements –

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

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

Basic Financial Statements – Fund Statements –

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

All governmental funds are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. Under this basis, revenues are recorded when susceptible to accrual, i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

The following fund types are used by the system:

****Governmental Funds:**

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

Fund Balances

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

**EASTERN OKLAHOMA LIBRARY SYSTEM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024 – CONTINUED**

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

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

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

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

Basis of Accounting

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

**EASTERN OKLAHOMA LIBRARY SYSTEM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024 - CONTINUED**

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

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

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

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

Interfund Transfers – During the course of operations, some transactions occur between funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as “Interfund transfers.” These transfers between funds within governmental activities are eliminated in the Government-Wide Statement of Activities.

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

Prepaid Expenditures – Payments made to vendors for services that will benefit periods beyond June 30, 2024, are recorded as prepaid expenditures. For 2024, the Library had \$2,632 of prepaid expenditures.

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

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

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

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

**EASTERN OKLAHOMA LIBRARY SYSTEM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024 - CONTINUED**

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

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

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

2. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS

Cash and Cash Equivalents

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

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

EOLS's bank deposits are categorized below per GASB Statement 3 to give an indication of the level of risk assumed at year end. Deposits of EOLS are carried at cost. The carrying amount of deposits is stated as "cash and cash equivalents" for deposits with maturity values less than three months and "certificates of deposit" for deposits with maturity values greater than three months in the financial statements.

	Risk Category			Total
	1	2	3	Collateral
Deposits				
Demand Deposits	\$ 286,750	\$ 3,495,046		\$ 3,781,795
Certificates of Deposit	1,801,773	636,671		2,438,444
Totals	\$ 2,088,523	\$ 4,131,716	\$ -	\$ 6,220,239

Accounts Receivable – EOLS's ad valorem property tax is billed by each of the six participating counties each November 30 on the net assessed value listed as of the prior January 1, for all real and business personal property located in the county. The ad valorem taxes are due on December 31, or one-half by December 31 and one-half by March 31. Accounts receivable represent tax collections measurable and collectible at period end. Generally, this represents July and August collections. This amounted to \$174,416 for the year ended June 30, 2024.

EOLS's sales tax is billed each month for McIntosh County. Accounts receivable represent tax collections measurable and collectible at period end.

For the year ended June 30, 2024, the total property tax levy collected for EOLS was \$6,319,815 which represented 4 mills in all counties except Delaware and Sequoyah County. Delaware County is 2.09 mills and Sequoyah County is 2 mills.

**EASTERN OKLAHOMA LIBRARY SYSTEM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024 – CONTINUED**

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

	Asset Balances			
	Equipment/ Furnishings	Informational Materials	Leased Asset	Fine Art
Asset Balances, 7/1/23	\$ 2,826,527	\$ 11,489,976	\$ 208,474	\$ 87,046
Purchases/Donations	132,419	782,646	-	-
Disposals/Adjustments	(102,804)	(574,499)	-	-
Asset Balances, 6/30/24	\$ 2,856,142	\$ 11,698,123	\$ 208,474	\$ 87,046

	Accumulated Depreciation			
	Equipment/ Furnishings	Informational Materials	Leased Asset	Fine Art
Asset Balances, 7/1/23	\$ 2,513,502	\$ 8,460,070	\$ 104,236	\$ 87,046
Depreciation Expense	101,904	782,646	52,118	-
Disposals/Adjustments	(97,218)	(574,499)	-	-
Asset Balances, 6/30/24	\$ 2,518,188	\$ 8,668,217	\$ 156,354	\$ 87,046
Depreciation Expense	\$ 101,904	\$ 782,646	\$ 52,118	

Leases – In accordance with GASB Statement No, 87, *Leases*, the Library recognizes a lease asset associated with their lease agreements. Together with this lease asset, GASB 87 requires lessees to recognize a lease liability associated with their lease agreements, measured as the present value of the remaining lease payments.

The Library entered into a ten-year lease effective November 2015, with renewal options on property located at 14 E Shawnee Bypass, Muskogee, Oklahoma for the administrative offices. Since the lease before implementation of GASB 87 did not have an expressed interest rate, the Library decided to use the market interest rate of 6.5%. The present value of the future lease payments was \$208,474. The Library made total payments of \$71,700 in 2024. The following is a summary of the future payments:

	Principal Payments	Interest Expense	Total	amortization expense	accum amortization
2024	\$ 65,954	\$ 5,746	\$ 71,700	\$ 52,118	\$ 156,355
2025	22,441	1,459	23,900	52,118	208,474
2026	-	-	-	-	-
2027	-	-	-	-	-
	<u>\$ 88,396</u>	<u>\$ 7,204</u>	<u>\$ 95,600</u>		

**EASTERN OKLAHOMA LIBRARY SYSTEM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024 – CONTINUED**

3. OTHER NOTES

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

Risk Management – EOLS is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employee's health and life; natural disaster; and board liability. EOLS manages these various risks of loss by purchasing insurance coverage specific to the risks involved. Management believes such coverage is sufficient to preclude any significant uninsured losses to EOLS. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

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

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

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

Subsequent Events - Management has evaluated all events subsequent to the balance sheet date of June 30, 2024, through the date of issuance of these financial statements, September 20, 2024, and has determined that there are no subsequent events that require disclosure under generally accepted accounting principles.

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

4. PENSION PLAN and OTHER POST-EMPLOYMENT BENEFIT PLANS (OPEB)

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

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

All employees who work 20 hours/week, 1040 hours/year or more are eligible to participate in OPERS. Normal retirement requires 90 points (age plus years of credited service) however employees who initially became members of OPERS before July 1, 1992, are required to have 80 points. Effective July 1, 1994, all members of the Oklahoma Public Retirement System are required to pay retirement contributions on the gross salary earned (less overtime) up to the maximum annual salary established by statute. Since that time the salary cap has gradually risen and effective July 1, 1998, the cap was waived. EOLS contributed 16.5% of gross compensation and the employee contributed 3.5% of his or her wages.

**EASTERN OKLAHOMA LIBRARY SYSTEM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024 – CONTINUED**

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

This is an irrevocable option, and the employee cannot alter the contribution rate as long as they are an employee of EOLS or a participant in OPERS. Currently 53 employees are enrolled. Effective July 1, 2010, EOLS's rate increased to 16.5%. The employee rate remains at 3.5%. Contributions to OPERS by the Library were \$379,718 for 2024.

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

The net pension liability and other post-employment benefit (OPEB) liability were measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023. The Library's proportion of both the net pension and OPEB liabilities were based on the Board's contributions received by OPERS relative to the total contributions received by OPERS for all participating employers as of June 30, 2023. Based upon this information, the Library's proportion was 0.11513746%.

For the year ended June 30, 2024, the Library recognized the following related to its proportionate share of the Net Pension Liability:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	14,452	7,980
Changes in assumptions	111,283	-
Net difference between projected and actual earnings on pension plan investments	437,894	-
Change in proportion and differences between contributions and proportionate share of contributions	(617)	-
Contributions during measurement date	-	404
Contributions subsequent to measurement date	359,353	-
	<u>\$ 922,364</u>	<u>\$ 8,384</u>

Net pension liability – \$526,778

Pension expense – \$315,136

**EASTERN OKLAHOMA LIBRARY SYSTEM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024 – CONTINUED**

Reported deferred outflows of resources of \$359,353 resulting from the Library's contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2025. Any other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	Deferred Outflows	Deferred Inflows
2025	289,007	(134,797)
2026	159,995	(137,935)
2027	188,166	290,012
2028	(74,155)	(25,664)
2029	-	-
Thereafter	-	-
	<u>\$ 563,013</u>	<u>\$ (8,384)</u>

Actuarial Methods and Assumptions

The total pension liability was determined on an actuarial valuation prepared as of July 1, 2023, using the following actuarial assumptions:

- Investment return – 6.5% for 2023 compounded annually net of investment expense and including inflation.
- Salary increase – 3.5% to 9.25% for 2023.
- Mortality rates – In 2023, Pub-2010 Below Media, General membership Active/Retiree Healthy Mortality Table with base rates projected to 2030 using Scale MP-2019. Male rates are unadjusted, and female rates are set forward two years.
- Annual post-retirement benefit increase – none.
- Assumed inflation rate – 2.5% for 2023.
- Payroll growth rate – 3.25% for 2023.
- Actuarial cost method – entry age.
- Select period for termination of employment assumptions – 10 years.

The actuarial assumptions used in this valuation are based on the results of the most recent actuarial experience study, which covers the 3-year period ending June 30, 2022. The experience study report is dated April 12, 2023.

The target asset allocation and best estimates of geometric real rates of return for each major asset class as of June 30, 2022, are summarized in the following table:

Asset Class	Target Asset Allocation	Long-term Expected Real Rate of Return
US Large Cap Equity	34.0%	5.1%
US Small Cap Equity	6.0%	5.1%
Global Equity ex-US	28.0%	8.2%
Core Fixed Income	25.0%	1.9%
Long Term Treasuries	3.5%	2.1%
US TIPS	3.5%	1.8%
	<u>100.0%</u>	

**EASTERN OKLAHOMA LIBRARY SYSTEM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024 – CONTINUED**

Discount Rate

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

The following presents the net pension liability of the employer calculated using the discount rate of 6.5%, as well as what the Library net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease 5.50%	Current Rate 6.50%	1% Increase 7.50%
Net Pension Liability	\$ 2,034,740	\$ 526,778	\$ (741,153)

Other Post-Employment Benefit Plans

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

For the year ended June 30, 2024, the Library recognized the following related to its proportionate share of the OPEB Liability:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	-	52,640
Changes in assumptions	9,502	-
Net difference between projected and actual earnings on pension plan investments	27,496	-
Change in proportion and differences between contributions and proportionate share of contributions	(126)	-
Contributions during measurement date	-	(2,690)
Contributions subsequent to measurement date	20,365	-
	<u>\$ 57,237</u>	<u>\$ 49,950</u>

OPEB asset – (\$146,995)

Reported deferred outflows of resources of \$20,365 resulting from the Library's contributions subsequent to the measurement date will be recognized as a decrease of the OPEB liability in the year ended June 30, 2025.

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

**EASTERN OKLAHOMA LIBRARY SYSTEM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024 – CONTINUED**

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

	Deferred Outflows	Deferred Inflows
2025	14,396	(21,078)
2026	11,536	(17,326)
2027	10,472	(2,040)
2028	207	(7,015)
2029	261	(2,491)
Thereafter	-	-
	36,872	(49,950)

The discount rate used to measure the total OPEB liability was also 6.5% for the year. The following presents the OPEB liability of the employer calculated using the discount rate of 6.5%, as well as what the Library's OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease 5.50%	Current Rate 6.50%	1% Increase 7.50%
OPEB liability	\$ (107,817)	\$ (146,995)	\$ (180,312)

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

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

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND THER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors
Eastern Oklahoma Library System

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Eastern Oklahoma Library System (the Library) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements, and have issued our report thereon dated September 20, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Library's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Jackson, Fox & Richardson PC

Ardmore, Oklahoma
September 20, 2024

OTHER SUPPLEMENTARY INFORMATION

Eastern Oklahoma Library System
Schedule of State Financial Assistance
Year ended June 30, 2024
(Unaudited)

State of Oklahoma Assistance	Project Amount	Receipts Recognized	Expenses Paid
Oklahoma Department of Library State Aid and Other Grants			
Oklahoma Department of Libraries for the Development and Expansion of Library Services			
State Aid	\$ 83,473	\$ 83,473	\$ 83,473
Other Grants	18,535	18,535	18,535
	<u>\$ 102,008</u>	<u>\$ 102,008</u>	<u>\$ 102,008</u>

EASTERN OKLAHOMA LIBRARY SYSTEM
SCHEDULE OF COMBINED EXPENDITURES, GENERAL
AND SPECIAL REVENUE FUNDS – ALL DEPARTMENTS AND BRANCHES
FOR THE YEAR ENDED JUNE 30, 2024

(Unaudited)

	TOTAL SUPPORT SERVICES	TOTAL LIBRARIES SERVICES	SYSTEM TOTAL
<u>STAFF EXPENDITURES</u>	\$ 951,240	\$ 3,099,803	4,051,043
Books	241,788	45,099	286,887
Periodical	547	22,718	23,265
Compact Discs	75	8,909	8,984
Online Subscription	146,085	-	146,085
Downloadable Audios	386,529	19,930	406,459
DVD	-	76,630	76,630
Other-Microforms, Kits, Software	-	1,752	1,752
<u>LIBRARY MATERIALS</u>	775,024	175,038	950,062
Postage	1,443	19,044.93	20,488
Supplies	20,477	130,599.83	151,077
Equipment Supplies	600	622.52	1,223
Meals/Food	457	3,244.58	3,702
Advertising	254	1,550.00	1,804
Printing/Binding	-	-	0
Telephone	7,400	32,377.63	39,778
Insurance	7,601	22,288.37	29,889
Data Circ Line/Automation	495	-	495
AMIGOS/OCLC	37,268	-	37,268
Internet Access	-	29,266.00	29,266
Continuing Education	-	8,575.00	8,575
Seminars/Training	8,006	6,687.00	14,693
Staff Development	460	1,595.76	2,056
US Data Capture	-	4,469.70	4,470
Fees	1,465	1,227.00	2,692
Memberships	6,746	4,061.00	10,807
Travel	13,468	10,610.00	24,078
Misc Contract Labor	-	13,969.00	13,969
Recovery Expense	-	-	-
Consultants/Speakers/Grants	28,429	65,859.00	94,288
Gasoline, Oil, Etc.	13,269	473.00	13,742
Software/Licenses	8,854	-	8,854
Maintenance Contracts	134,554	20,333.00	154,887
Other Maint/Repairs	15,696	108,100.11	123,796
Utilities	16,280	1,347.00	17,627
Rent	71,941	626.00	72,567
Miscellaneous	23	319.00	342
Inspection Expense	-	-	-
Property Revaluation	97,063	-	97,063
<u>SUPPLIES & OTHER EXP</u>	492,249	469,731.13	961,980
<u>EQUIPMENT & FURNISHINGS</u>	1,489	53,309	54,798
<u>TOTAL EXPENDITURES</u>	\$ 2,220,002	\$ 3,797,881	\$ 6,017,883

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

EASTERN OKLAHOMA LIBRARY SYSTEM																
SCHEDULE OF COMBINED EXPENDITURES, GENERAL REVENUE FUNDS																
PUBLIC SERVICE BRANCH																
FOR THE YEAR ENDED JUNE 30, 2024																
	(Unaudited)											Fort				Total Public
	Stillwell	Westville	Tahlequah	Hulbert	Grove	Jay	Kansas	Checotah	Eufaula	Haskell	Muskogee	Gibson	Wamer	Sallisaw	Muldrow	Services
STAFF EXPENDITURES	\$165,835	\$65,971	\$421,641	\$66,728	\$269,164	\$151,585	\$62,676	\$201,934	\$200,079	\$36,097	\$945,814	\$156,956	\$36,420	\$199,017	\$119,887	\$3,099,804
Books	1,034	893	4,688	82	3,370	1,207	702	6,632	2,694	829	10,598	1,220	1,205	6,082	3,864	45,100
Periodical	616	176	3,988	784	2,479	1,254	295	1,379	1,427	968	5,030	915	787	1,256	1,364	22,718
Online Subscription																0
Compact Discs		257	1,419	651	2,014		255		1,726		2,150	153		199	85	8,909
Downloadable Audios	1,231	552	4,913		3,292	2,011	723		1,586	1,151	4,472					19,931
DVD	2,054	2,603	14,062	3,105	1,706	3,412	2,642	6,140	7,156	1,842	18,276	2,490	2,861	3,388	4,894	76,631
Micro, kits, swr, non			658					94			1,000	-				1,752
LIBRARY MATERIALS	\$4,935	\$4,481	\$29,728	\$4,622	\$12,861	\$7,884	\$4,617	14,245	\$14,589	\$4,790	\$41,526	\$4,778	\$4,853	\$10,925	\$10,207	\$175,041
Postage	1,026	382	2,600	339	590	762	173	752	804	365	4,927	1,131	425	1,960	2,810	19,046
Supplies	7,838	3,990	28,516	2,924	13,023	8,883	3,436	7,600	9,104	3,686	20,953	7,132	3,459	4,621	5,436	130,601
Equipment Supplies					360	22					263					645
Meals/Food	99	236	129	152	179	68	90	570	196	40	588	801	58	42	42	3,290
Advertising	32	41			20		20	562	638		50		79	30	20	1,492
Printing/Binding																0
Telephone	1,519	1,217	3,427	1,423	2,375	2,205	1,025	3,515	1,398	2,311	9,232	1,253	971	200	304	32,375
Insurance	886	999	1,828	661	1,364	887	831	1,143	1,192	718	8,271	991	631	1,060	826	22,288
Computer Software	292	122	348	122	272	172	122	222	1,857	129	498	122	122	165	122	4,687
Data Circ Line/Automation																0
Internet Access	4,474	1,472	2,663	725	2,552	1,183	705	2,342	2,088	3,372	2,552	1,374	392	2,119	1,254	29,267
Seminars/Train/Education	268	510	390	170		206	510	815	945		2,344	170		179	179	6,686
Staff Development	62	52	181	59	88	67	59	96	123	33	349	96	62	176	92	1,595
US Data Capture Fees	287	251	385	231	336	275	239	295	331	245	410	297	252	339	296	4,469
Fees	119	40	51	20		92	33	179	51	168	329	58	25		63	1,228
Memberships	168	53	549	51	616	595	53	199	499		678	151		191	261	4,064
Travel	975	236	235	484	1,727	1,467	333	382	704	792	486	291	345	1,120	1,034	10,611
Misc Contract Labor								900			13,069					13,969
Recovery Expense																0
Professional Consultants									600		56					656
Program Speakers	450	805	2,660	250	1,064	455	805	7,403	4,289	1,463	559	1,805	1,227			23,235
Gasoline, Oil, Etc.	18										455					473
Licenses/Copy rights																0
Maintenance Contracts	1,007	3,827	230	235	1,120	2,110	427	1,318	1,394	754	6,066	571	177	510	586	20,332
Other Maint/Repairs		2,994	19,634		12,125	6,397		590	12,843		53,036		480			108,099
Utilities							220				1,127					1,347
Rent			120		330						126	50				626
Miscellaneous	21	21	21	16	105	49	33		27		2,149	32				2,474
Property Revaluation																0
SUPPLIES & OTHER EXP	\$19,541	\$17,248	\$63,967	\$7,862	\$38,246	\$25,895	\$9,114	\$28,883	\$39,083	\$14,076	\$128,573	\$16,325	\$8,705	\$12,712	\$13,325	\$443,555
EQUIPMENT	\$1,285	\$6,325	\$10,627	\$1,016	\$5,278	\$4,787	\$2,816	\$1,278	\$3,110	\$720	\$12,298	\$385	\$660	\$1,625	\$914	\$53,124
TOTAL EXPENDITURES	\$191,596	\$94,025	\$525,963	\$80,228	\$325,549	\$190,151	\$79,223	\$246,340	\$256,861	\$55,683	\$1,128,211	\$178,444	\$50,638	\$224,279	\$144,333	\$3,771,524
Please note: This report includes materials expenditures which, under GASB 34 have been reclassified as assets in the Government-wide and Fund Financial Statements																
*Note: This schedule does not include depreciation expense which is a non-cash item.																

EASTERN OKLAHOMA LIBRARY SYSTEM																
SCHEDULE OF COMBINED EXPENDITURES, SPECIAL REVENUE FUNDS																
PUBLIC SERVICE BRANCH																
FOR THE YEAR ENDED JUNE 30, 2024																
(Unaudited)																
	Stillwell	Westville	Tahlequah	Hulbert	Grove	Jay	Kansas	Checotah	Eufaula	Haskell	Muskogee	Fort Gibson	Warner	Sallisaw	Muldrow	Total Public Services
STAFF EXPENDITURES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Books																0
Periodical																0
Compact Discs																0
Online Subscription																0
Downloadable Audios																0
DVD												1,617				1,617
Other-Mico, kits,																0
LIBRARY MATERIALS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,617	\$0	\$0	\$0	\$1,617
Postage																0
Supplies	4,088	285	3,722	318	2,530	730	290	1,863	374	294	5,799	761		1,044	2,965	25,063
Equipment Supplies										1,068				106		1,174
Meals/Food	898	44	1,345	11	2,682	845	44	755	349	198	694	259	76	210	168	8,578
Advertising											1,093					1,093
Printing/Binding																0
Telephone																0
Insurance																0
Computer Software						1,125										1,125
Data Circ																0
Internet Access																0
Seminars/Training/Educ			2,938		31					860	3,938		1,246	4,061		13,074
Memberships									158							158
Travel/Gasoline																0
Misc Contract Labor																0
Consultants/Speakers/	805		3,255	1,300	3,029	2,388			650		2,850	360		965	965	16,567
Licenses/Copyrights																0
Maintenance Contracts						100										100
Other Maint/Repairs																0
Utilities																0
Rent																0
Miscellaneous					2,069						5,200					7,269
SUPPLIES & OTHER EXP	\$5,791	\$329	\$11,260	\$1,629	\$10,341	\$5,188	\$334	\$2,618	\$1,531	\$2,420	\$19,574	\$1,380	\$1,322	\$6,386	\$4,098	\$74,201
EQUIPMENT TOTAL			\$6,237		\$2,915	\$1,850			\$2,469	\$1,182	\$6,790			\$170	\$6,065	\$27,678
EXPENDITURES	\$5,791	\$329	\$17,497	\$1,629	\$13,256	\$7,038	\$334	\$2,618	\$4,000	\$3,602	\$26,364	\$2,997	\$1,322	\$6,556	\$10,163	\$103,496

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

*Note: This schedule does not include depreciation expense which is a non-cash item.