



Financial Statements

For the Year Ended June 30, 2025

PIONEER LIBRARY SYSTEM
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June 30, 2025

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INDEPENDENT AUDITORS' REPORT

September 24, 2025

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, 2025, 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, 2025, 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.



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To the Board of Trustees of
Pioneer Library System
September 24, 2025

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 39, 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 24, 2025

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 24, 2025, 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.

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Gray, Blodgett & Company, PLLC



Management's Discussion & Analysis for the Fiscal Year Ended June 30, 2025

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, 2025. Readers should read this information in conjunction with the System's financial statements.

Governmental Accounting Standards Board (GASB) statements 101 and 102 became effective as of June 30, 2025. Statement 101 provides a unified model for accounting for compensated absences, such as vacation and sick leave. Liability recognition is one of the key provisions of the standard. A government must recognize a liability for unused leave if it is attributable to services already rendered, accumulates, and is more likely than not to be used or paid out. This lowers the recognition threshold from the previous "probable" standard to "more likely than not" (over 50% chance). Certain types of leave, such as sporadic event leave (e.g., jury duty or military leave), are not recognized until the leave begins. The liability is measured using the employee's pay rate as of the financial statement date. The measurement must also include certain salary-related payments, like payroll taxes, that are directly associated with the leave. Governments can now disclose the net change in the compensated absence liability rather than the gross increases and decreases. They are no longer required to disclose which governmental funds are used to liquidate the liability. Statement 102 mandates additional note disclosures to improve the transparency and consistency of a government's risk financing activities. The purpose of this statement is to provide financial statement users with information about risks related to a government's vulnerabilities from certain concentrations or constraints. The Library evaluated its funding and determined that it wasn't aware of an event that was more likely than not to occur that would impact its funding, so no disclosures are required.

PLS Overview

The Pioneer Library System serves more than 427,000 residents in Cleveland, Pottawatomie, and McClain Counties through twelve branches in ten communities and Information Stations in rural communities. All of our branches are unique but are united under one library system. In FY24-25, there were 999,051 visits made to PLS libraries. Print and digital collections are checked out more than 2.1 million times per year by people of all ages. Approximately 73% 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. PLS continues to draw in more Digitarians, customers who primarily check out digital materials, than ever before. Digital checkouts continue to increase year after year. 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. Through these services and targeted marketing campaigns, PLS's total market penetration in FY24-25 ranged from 37% at its peak in Q3 2024 to 34% in Q2 2025. This dip in engagement is likely due to the continued closure of Norman Public Library Central. The 2025 Summer Learning Challenge engaged more than 9,500 readers who collectively logged more than 22.4 million learning points by the program's close. More than half of the participants reached their personal goal, helping close the learning gap in summer for children and teens. As a result, the PLS Foundation donated more than 10,600 books to children ages 0-5 enrolled in WIC programs across our three counties.

All of this work and more 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.

Financial Highlights

For FY24-25, PLS's general fund reported an ending balance of \$22,573,161 versus \$22,332,934 for FY23-24. Of the 2024-2025 year-end total, \$275,117 is committed for outstanding encumbrances, and \$722,361 is assigned for service upgrades and improvements of library services at current and future libraries within the System. Most of the outstanding encumbrances are for materials and technology equipment. Although the remaining balance of \$21,575,683 is unassigned, the library administration, with the Board of Trustees' approval, will use a portion of these funds to fund upcoming library projects in the service area, including the Customer Experience Master Plan updates. The remainder of the money in these funds will be prudently used or committed to alleviate summer/fall cash flow problems and other emergencies that might arise.

PLS's operating revenue increased by 4.1% 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 program and spent \$144,647 on this program.
- Tembi Locke and Leland Melvin were paid a total of \$58,000 this fiscal year as part of the Spark a Change community conversation series.
- PLS spent \$33,625 on the Sunday Stars program in three branches. Sunday Stars is a weekly 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 the Orton-Gillingham curriculum, and one-on-one reading and mentorship time with a Teen Reading Ambassador. Originally founded as a grant-funded program by the Oklahoma State Department of Education, PLS is now fully funding the program in Moore, Newcastle, and Noble.

- PLS awarded \$27,500 of scholarships and fees for Gale Presents: Excel Adult High School. Twenty-five scholarships were awarded and nine students graduated from the program with their high school diploma.
- Items purchased from the Technology/Equipment budget enhance customer experiences by providing faster and, in some cases, 24/7 access to materials and technology. Purchases included:
 - The purchase of Percussion Play instruments for a cost of \$68,835. These instruments were installed at the Blanchard, McCloud, and Newcastle parks which also contain Story Walks® that were installed by PLS.
 - The 24-Hour library located in a parking lot in Norman adjacent to a middle school and recreation center was replaced at a cost of \$137,385.
 - The network servers were replaced at the Shawnee Public Library and at the PLS administration building at a total cost of \$16,521.
 - Maker Labs were opened this year to better provide maker services to their customers, including state-of-the-art technology like 3D printing and laser cutting. Multiple Bambu Lab & Prusa 3D printers were purchased for these Maker Labs and experience centers at locations without a Maker Lab. The total cost of these printers was \$72,768. These printers were installed at: Blanchard Public Library, McCloud Public Library, Moore Public Library, Newcastle Public Library, Noble Public Library, Purcell Public Library, Shawnee Public Library, SOKC Public Library, Tecumseh Public Library, and the Norman Library Lab.
- Additional digital materials were purchased to meet demand and provide customers with a wider selection of titles. Customer demand for digital materials continues to increase as we increase our digital collections budget.

The general fund balance increased by \$240,227 from the previous fiscal year due to the increase in the collection of revenue.

The Pioneer Library System Foundation completed its fifteenth year of operation as of June 30, 2025. The PLS Foundation was organized for the purpose of "Supporting Literacy and a Love of Learning throughout Pioneer Library System Communities". The PLS Foundation awarded a total of \$31,000 to three of PLS's twelve branches to support local programs supporting literacy. More than \$30,816 in grant funds were awarded to the PLS Foundation by the Oklahoma Department of Libraries and the Institute of Museum and Library Services for health literacy initiatives at three of the twelve branches. In addition, the PLS Foundation provided financial support for many of PLS's programs, including the 2025 PLS Spark a Change series and the systemwide Summer Learning Challenge. The PLS Foundation also funded \$40,000 for books that were donated to children enrolled in area health department programs as a reward for far-exceeding the Summer Learning Challenge community goal of spending more than 18 million minutes learning. 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 of 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 and sick 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 fund – 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 funds.

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 Funds

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 2024-2025 governmental fund balances changed as follows:

		General Fund		Other		Total
		<u>Funds</u>		<u>Funds</u>		<u>Funds</u>
Revenues	\$	26,888,551	\$	329,920	\$	27,218,471
Expenditures	\$	26,648,324	\$	258,565	\$	26,906,889
Net Increase	\$	240,227	\$	71,355	\$	311,582

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

		General Fund		Other		Total
		<u>Funds</u>		<u>Funds</u>		<u>Funds</u>
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

General Fund

PLS is primarily (or 93%) funded by Ad Valorem (property) tax. For the FY24-25 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 FY24-25, the Counties' assessed property value had an increase of 5.9% versus 8.69% for FY23-24. Actual tax collections increased by 5.68% versus 9.42% for the prior year. The increase of 5.68% was due to the collection of more tax revenue. Fine and other charges for services revenue for FY24-25 increased by \$9,761 from FY23-24. This increase was precipitated by the fact that more 3D printing was done by customers this year. State Aid increased by \$899 over the prior year. Interest income increased by \$28,244 over the prior year. This increase is attributed to an increase in interest rates and in the amount of funds in the fund balance.

The Expense category Personnel Services increased from 2024 to 2025 due to the increase in salaries paid as a result of a 6% performance adjustment for eligible employees; an increase in retirement contributions caused by an increase in the contribution rate to 12%; an increase in health insurance and dental insurance expenses due to a rate increase from the service provider; an increase in disability insurance due to a rate increase from the

service provider. The Expense category of Materials increased to purchase more electronic resources that align with our strategic plan and meet the needs of today's community. The Technology and Automation category increased for the purchase and installation of Percussion Play instruments for three parks in the System. The relocation and installation of a 24-Hour library in the parking lot of City Hall. The replacement of a 24-Hour library in a Norman school parking lot, the replacement of two network servers, and the purchase of multiple Bambu Lab 3D printers.

The System Services and General and Administrative expense categories were different in 2025 than in 2024 because of the following:

- Professional Services increased due to additional work performed by Phase 2. This year, PLS launched Library Connect, its own platform to provide online services to the public for room bookings and event registration.
- Employee Development expenses decreased due to the annual Oklahoma Library Association conference being held locally.
- Equipment expenses increased compared to last year for the purchase of musical instruments for the Story Walks® at several branches.
- Insurance increased to reflect actual insurance costs.
- Postage decreased to reflect actual postage costs.
- Supplies increased due to the increase in the amount and cost of supplies.
- Telephone expenses decreased to reflect actual costs.
- Vehicle expenses decreased as only one new vehicle was purchased this year.
- Marketing & Communications costs increased to cover the costs of increased advertising campaigns and signage to elevate awareness of library services.
- Printing expenses decreased as lease expenses for copiers were capitalized instead of expensed.
- 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 decreased to reflect actual costs.
- Programming expenses increased to reflect an increase in Spark a Change costs.
- System Outreach expenses decreased to reflect the grant funds received to help fund expenses for the Dolly Parton's Imagination Library Program and Excel Online High School. 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. To date, more than 40 students have graduated from Excel Online High School with their high school diploma.

Other Governmental Funds

Gifts/Grants Funds: In FY24-25, Pioneer Library System received \$250,145 in gifts and grants.

Pioneer Library System received \$170,890 in grants this year. \$92,373 of these funds was a grant received from the Oklahoma Partnership for School Readiness to help fund the Dolly Parton Imagination Library Program throughout the Library's three county service area.

The System received a \$12,071 grant from the Oklahoma Department of Libraries to fund Citizenship and Immigration programs in McClain County.

Outright gifts to PLS totaled \$79,255, over 60% (\$47,896) of which was provided by Friends groups throughout PLS. The City of Purcell donated \$15,000 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

	<u>2024-2025</u>	<u>2023-2024</u>
Assets		
Current and Other Assets	\$ 25,595,196	\$ 24,379,985
Lease Receivable	\$ 565,660	\$ 618,959
Right to Use Leased Assets	\$ 290,280	\$ 342,454
Right to Use Subscription Assets	\$ 143,490	\$ 278,970
Capital Assets	<u>\$ 9,708,329</u>	<u>\$ 9,406,268</u>
Total Assets	<u>\$ 36,302,955</u>	<u>\$ 35,026,636</u>
Liabilities		
Accounts Payable and Accrued Expenses	\$ 388,205	\$ 713,211
Other Liabilities	\$ 1,673,577	\$ 427,529
Subscription Liability	\$ 62,410	\$ 123,232
Subscription Liability - Current	\$ 60,822	\$ 152,416
Right to Use Liability	\$ 221,615	\$ 306,966
Right to Use Liability - Current	<u>\$ 134,157</u>	<u>\$ 82,776</u>
Total Liabilities	<u>\$ 2,540,786</u>	<u>\$ 1,806,130</u>
Deferred Inflows of Resources		
Inflows Related to Leases	<u>\$ 589,267</u>	<u>\$ 659,979</u>
Total Deferred Inflows of Resources	<u>\$ 589,267</u>	<u>\$ 659,979</u>
Net Position		
Net Investment in Capital Assets	\$ 9,708,329	\$ 9,406,268
Restricted Net Assets	\$ 936,646	\$ 865,291
Unrestricted Net Assets	<u>\$ 22,527,927</u>	<u>\$ 22,288,968</u>
Total Net Position	<u>\$ 33,172,902</u>	<u>\$ 32,560,527</u>
Change in Net Position		
Beginning Net Position	\$ 32,560,527	\$ 30,300,072
Revenues		
Property Taxes	\$ 25,515,202	\$ 24,143,315
Charges for Services	\$ 276,880	\$ 263,792
Operating Grants	\$ 250,145	\$ 231,750
Capital Grants	\$ 25,036	\$ 6,947
State Aid	\$ 114,914	\$ 114,015
Investment Earnings	\$ 897,804	\$ 869,560
Net Change In Beneficial Assets Held by Others	\$ 54,739	\$ 48,729
Loss on Disposal	<u>\$ (158,459)</u>	<u>\$ (13,502)</u>
Total Revenues	<u>\$ 26,976,261</u>	<u>\$ 25,664,606</u>
Expenses		
Public Library Services	\$ 19,614,873	\$ 16,497,127
Administrative Services	\$ 3,923,897	\$ 4,009,965
Depreciation-Unallocated	<u>\$ 2,825,116</u>	<u>\$ 2,897,059</u>
Total Expenses	<u>\$ 26,363,886</u>	<u>\$ 23,404,151</u>
Increase in Net Position	<u>\$ 612,375</u>	<u>\$ 2,260,455</u>
Ending Net Position	<u>\$ 33,172,902</u>	<u>\$ 32,560,527</u>

General Fund Budgetary Highlights

The General Fund budget for FY24-25 was \$28,588,261. This was a 14.22% 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 and a 4% salary offset for mandatory retirement contribution.
- Retirement increased to cover retirement contribution increases.
- Workers Compensation increased \$15,000 because insurance rates increased.
- Unemployment decreased due to actual activity.
- Materials increased \$50,000 to reflect the purchase of three new online resources.
- Professional Services increased \$411,955 to reflect the cost of new contracts, the cost of a pay class and compensation and benefits study, and the cost of new accounting software.
- Equipment increased \$150,826 to reflect the purchase of musical instruments for branch Story Walks®.
- Equipment repair and maintenance increased \$8,000 to reflect the repair of technology equipment being relocated to this line item.
- Insurance increased by \$35,000 due to the insurance rates increase.
- Supplies increased \$45,000 due to the increase in the amount and cost of supplies.
- Telephone decreased \$2,000 to reflect actual expenses.
- Vehicles decreased \$75,000 to reflect the purchase of only one vehicle.
- Miscellaneous decreased \$15,000 to reflect actual costs.
- Printing decreased \$25,000 to reflect the decrease in copier lease costs.
- Data Processing increased to reflect the actual payroll costs.
- Employee Development increased \$67,500 due to current year outstanding purchase orders and cost increases of staff day training.
- Hospitality increased \$10,000 to cover the cost of board meetings
- Marketing and Communications increased \$85,000 to cover the costs of increased advertising campaigns and signage and outstanding year-end purchase orders.
- Programming increased \$68,000 to reflect an increase in Spark a Change costs.
- System facilities increased \$1,837,273 to reflect the facilities changes for Customer Experience Master Plan projects for four libraries.
- System outreach increased \$75,000 to reflect an increase in costs.
- Assigned Fund Balance reflects \$153,806 for a proposed new Moore Public Library.
- Unassigned Fund Balance increased \$3,117,601.
- Total Fund Balance for 2024-2025 is \$21,908,646.

Capital Asset and Long-Term Debt

PLS's investment in capital assets, net of accumulated depreciation, as of June 30, 2025, was \$9,708,329, and on June 30, 2024, was \$9,406,268. Of the total depreciable capital assets, net of accumulated depreciation, on June 30, 2025, 32% are furniture, equipment, and vehicles; 41% are building and property; and the remaining 27% are books and materials. 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.

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 property value of Cleveland, McClain, and Pottawatomie counties 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 continued growth in the tax revenue for the next year. The Cleveland County Assessor has certified a 5.75% growth in property value for 2025; the Pottawatomie County Assessor has certified an 8.08% growth. The McClain County Assessor has certified a 9.01% growth.

For Fiscal Year 2025-2026, the PLS Board of Trustees plans to approve a general fund budget of \$33,008,968 versus \$26,939,806 for 2024-2025. A highlight of the revised budget is as 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 a full year to offset their 4% retirement contribution.
- Retirement increased to cover the cost of a full year of cost of the 4% pickup contribution.
- Disability insurance increased to reflect actual costs.
- Workers' Compensation Insurance decreased to reflect actual costs.
- Materials increased \$504,021 to cover the cost of an increase in the digital materials budget and the cost of outstanding purchase orders.
- Professional Services increased \$1,019,352 to cover the cost of outstanding purchase orders, the cost of a pay class and compensation and benefits study, the costs for new accounting software, and the hiring of a construction owner's project advisor.
- Attorney Fees increased to reflect actual costs.
- Equipment increased \$12,264 to cover the cost of outstanding purchase orders.
- Equipment Repair and Maintenance increased to cover the repair of technology equipment.
- Postage increased to reflect actual costs.
- Supplies increased due to increase in the amount and the cost of supplies purchased.
- Vehicles increased \$82,809 to reflect the encumbrance of the cost of an additional vehicle and vehicle wrap.
- Miscellaneous expense increased to reflect actual costs.
- Printing reflects decrease in the actual costs.
- Sales tax increased \$1,500 to reflect actual costs.
- The Technology budget increased \$599,270 to cover the cost of outstanding purchase orders, the purchase of additional hardware to outfit Maker Labs, and kiosks to provide additional 24/7 services in our rural communities.
- Employee Development increased \$9,500 to cover the cost increase for Staff Day training and other conferences located out of town this FY.
- Hospitality decreased \$5,000 to reflect actual costs.

- Marketing and Communications increased \$24,928 to cover the cost of additional TV advertising campaigns to expand reach, to cover the cost of updating signage, and to cover the cost of outstanding purchase orders.
- Programming decreased \$3,000 due to reflect actual costs.
- System Facilities increased \$1,302,727 to cover the cost of Customer Experience Master Plan projects at Norman West, Newcastle, Southwest OKC, and Shawnee.
- System Outreach decreased \$25,000 to reflect actual costs.
- Assigned Fund Balance Current Year is \$500,000 for funds for a future opening day collection for the Norman Central library.
- Assigned Fund Balance is \$153,806 for the proposed new Moore Public Library.
- Unassigned Fund Balance decreased \$5,184,022.
- Total Fund Balance for 2025-26 is anticipated to be \$16,724,624.

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, 2025

	<u>Primary Government Governmental Activities</u>	<u>Component Unit Library Foundation</u>
Assets		
Current assets:		
Cash and Cash Equivalents	\$ 23,430,514	\$ 545,850
Beneficial Interest in asset held by others	570,213	107,245
Ad Valorem Tax Receivable	334,046	-
Lease Receivable	565,660	-
Other Current Assets	1,161,497	12,178
Other Receivable	98,926	14,743
Subscription Assets	143,490	-
Non Current assets:		
Right to Use Assets, Net	290,280	-
Non-Depreciable Capital Assets	195,674	-
Depreciable Capital Assets, Net	<u>9,512,655</u>	<u>-</u>
Total Assets	<u>\$ 36,302,955</u>	<u>\$ 680,016</u>
Liabilities		
Accounts Payable and Accrued Expenses	\$ 388,205	\$ 62,982
Compensated Absences Payable	1,673,577	-
Subscription Liability	62,410	-
Subscription Liability - Current	60,822	-
Right to Use Liability	221,615	-
Right to Use Liability - Current	<u>134,157</u>	<u>-</u>
Total Liabilities	<u>\$ 2,540,786</u>	<u>\$ 62,982</u>
Deferred Inflows of Resources		
Inflows related to leases	<u>\$ 589,267</u>	<u>\$ -</u>
Net Position		
Net Investment in Capital Assets	\$ 9,708,329	\$ -
Restricted - Non Spendable Net Assets	-	7,500
Restricted - Literacy and Other Programs	936,646	196,350
Unrestricted - Board Designated Endowment	-	22,221
Unrestricted - Undesignated	<u>22,527,927</u>	<u>390,963</u>
Total Net Position	<u>\$ 33,172,902</u>	<u>\$ 617,034</u>

See Accompanying Notes to Financial Statements

PIONEER LIBRARY SYSTEM
Statement of Activities
For the Year Ended June 30, 2025

					Net (Expense) Revenue and Changes in Net Assets	Net (Expense) Revenue and Changes in Net Assets
		<u>Program Revenues</u>				
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Primary Governmental Activities</u>	<u>Component Unit Library Foundation</u>
Functions/Programs						
Governmental Activities:						
Public Library Services	\$ 19,614,873	\$ 276,880	\$ 250,145	\$ 25,036	\$ (19,062,812)	
Administrative Services	3,923,897	-	-	-	(3,923,897)	
Depreciation - unallocated	2,825,116	-	-	-	(2,825,116)	
Total Primary Government	<u>\$ 26,363,886</u>	<u>\$ 276,880</u>	<u>\$ 250,145</u>	<u>\$ 25,036</u>	<u>\$ (25,811,825)</u>	
Component Unit						
Library Foundation	<u>\$ 253,923</u>	<u>\$ -</u>	<u>\$ 225,139</u>	<u>\$ -</u>		<u>\$ (28,784)</u>
General Revenues:						
Property taxes, levied for general purposes					\$ 25,515,202	\$ -
State aid					114,914	-
Net change in beneficial assets held by others					54,739	10,476
Investment earnings					897,804	18,521
Loss on disposals					(158,459)	-
Total General Revenues					<u>\$ 26,424,200</u>	<u>\$ 28,997</u>
Change in Net Assets					\$ 612,375	\$ 213
Net position - beginning					<u>32,560,527</u>	<u>616,821</u>
Net position - ending					<u>\$ 33,172,902</u>	<u>\$ 617,034</u>

See Accompanying Notes to Financial Statements

PIONEER LIBRARY SYSTEM
Balance Sheet
Governmental Funds
June 30, 2025

ASSETS	General Fund	Gifts and Grants Fund	Total Governmental Funds
Cash	\$ 23,273,318	\$ 157,196	\$ 23,430,514
Investments	-	570,213	570,213
Receivable from General Fund	-	115,752	115,752
Ad Valorem Tax Receivable	334,047	-	334,047
Lease Receivable	565,660	-	565,660
Other Receivable	2,000	96,926	98,926
Deposit	9,956	-	9,956
Prepaid Expenses	<u>1,151,541</u>	<u>-</u>	<u>1,151,541</u>
Total Assets	<u>\$ 25,336,522</u>	<u>\$ 940,087</u>	<u>\$ 26,276,609</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts Payable	\$ 164,642	\$ 3,441	\$ 168,083
Accrued Salaries and Employee Benefits	220,122	-	220,122
Compensated Absences Payable	1,673,578	-	1,673,578
Payable to Special Revenue	<u>115,752</u>	<u>-</u>	<u>115,752</u>
Total Liabilities	<u>\$ 2,174,094</u>	<u>\$ 3,441</u>	<u>\$ 2,177,535</u>
Deferred Inflow of Resources			
Leases	<u>\$ 589,267</u>	<u>\$ -</u>	<u>\$ 589,267</u>
Fund Balances			
Assigned for Service Upgrades and Improvements	\$ 722,361	\$ 936,421	\$ 1,658,782
Committed for Outstanding Encumbrances	275,117	225	275,342
Unassigned	<u>21,575,683</u>	<u>-</u>	<u>21,575,683</u>
Fund Balances, End of Year	<u>\$ 22,573,161</u>	<u>\$ 936,646</u>	<u>\$ 23,509,807</u>
Total Liabilities and Fund Balances	<u>\$ 25,336,522</u>	<u>\$ 940,087</u>	
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 \$31,943,5798 including \$161,179 of non-depreciable assets, and the accumulated depreciation is \$22,401,460.			\$ 9,708,329
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 \$522,075 and the accumulated amortization is \$231,795.			290,280
Long-term debt issued for lease liabilities			(272,021)
Principal payments on long-term debt for lease liabilities			(83,751)
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 \$424,170.			143,490
Long-term debt issued for SBITA liabilities			(275,648)
Principal payments on long-term debt for SBITA liabilities			<u>152,416</u>
Total Net Position - Governmental Activities			<u>\$ 33,172,902</u>

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, 2025

	General Fund	Gifts and Grants Fund	Total Governmental Funds
Revenues:			
Property Taxes	\$ 25,515,202	\$ -	\$ 25,515,202
Collections on Book Fines and Copy Services	172,707	-	172,707
Gifts and Grants	-	250,145	250,145
State Revenue	114,914	-	114,914
Other Contracts	104,173	-	104,173
Other Financing Sources	83,751	-	83,751
In-Kind Donations	-	25,036	25,036
Interest	897,804	54,739	952,543
Total Revenues	<u>\$ 26,888,551</u>	<u>\$ 329,920</u>	<u>\$ 27,218,471</u>
Expenditures			
Personal Services	\$ 16,185,185	\$ -	\$ 16,185,185
Materials	3,783,190	258,565	4,041,755
General and Administrative	3,296,274	-	3,296,274
Technology and Automation	2,270,643	-	2,270,643
System Services	1,113,032	-	1,113,032
Total Expenditures	<u>\$ 26,648,324</u>	<u>\$ 258,565</u>	<u>\$ 26,906,889</u>
Net Change in Fund Balance	\$ 240,227	\$ 71,355	\$ 311,582
Beginning Fund Balance	<u>22,332,934</u>	<u>865,291</u>	<u>23,198,225</u>
Ending Fund Balances	<u>\$ 22,573,161</u>	<u>\$ 936,646</u>	<u>\$ 23,509,807</u>
Total net changes in fund balances - governmental funds			\$ 311,582

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	\$ (2,553,711)	
Capital Outlay	<u>3,200,206</u>	646,495
Amortization expense for intangible right to use lease assets.	<u>\$ (135,925)</u>	(135,925)

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>\$ 117,721</u>	117,721
Subscription based IT arrangement capital outlay expenditures which were capitalized	\$ 567,660	
Amortization expense for intangible subscription based IT arrangement assets.	<u>(424,170)</u>	143,490

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	\$ (278,970)	
Principal Payments on Long Term Debt	<u>152,416</u>	(126,554)

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:	(158,459)
Disposals of non-depreciable capital assets	<u>(185,975)</u>

Change in net position of governmental activities	<u>\$ 612,375</u>
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See Accompanying Notes to Financial Statements

PIONEER LIBRARY SYSTEM
Notes to Financial Statements
June 30, 2025

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, 2025

Note 1 – Summary of Significant Accounting Policies (continued)

Complete financial statements for the Foundation are available from the Foundation 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.

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

PIONEER LIBRARY SYSTEM
Notes to Financial Statements
June 30, 2025

Note 1 – Summary of Significant Accounting Policies (continued)

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 a spendable form or because of legal or contractual requirements.

PIONEER LIBRARY SYSTEM
Notes to Financial Statements
June 30, 2025

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 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, 2025

Note 1 – Summary of Significant Accounting Policies (continued)

Compensated Absences – The Library accrues accumulated unpaid vacation and sick leave when earned by the employee. Generally, vacation leave must be taken during the calendar year earned, while sick leave may be accrued and carried over. Eligible employees who end their employment with the Library are reimbursed for each day of accumulated vacation 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 marketplace. 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

PIONEER LIBRARY SYSTEM
Notes to Financial Statements
June 30, 2025

Note 1 – Summary of Significant Accounting Policies (continued)

speeds, loss severities, credit risks, and default rates), and market-corroborated inputs.

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, 2025 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.

PIONEER LIBRARY SYSTEM
Notes to Financial Statements
June 30, 2025

Note 1 – Summary of Significant Accounting Policies (continued)

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.

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

Tax years before 2021 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, 2025

Note 1 – Summary of Significant Accounting Policies (continued)

New Accounting Pronouncements – During the year, the System implemented GASB Statement No. 101, *Compensated Absences*, and GASB Statement No. 102, *Certain Risk Disclosures*. Statement No. 101 was issued to provide a unified model for accounting for compensated absences, such as vacation and sick leave, replacing previous guidance. Liability recognition is one of the key provisions of the standard. A government must recognize a liability for unused leave if it is attributable to services already rendered, accumulates, and is more likely than not to be used or paid out. This lowers the recognition threshold from the previous “probable” standard to “more likely than not” (over 50% chance). Certain types of leave, such as sporadic event leave (e.g., jury duty or military leave), are not recognized until the leave begins. The liability is measured using the employee’s pay rate as of the financial statement date. The measurement must also include certain salary-related payments, like payroll taxes, that are directly associated with the leave. Governments can now disclose the net change in the compensated absence liability rather than the gross increases and decreases. They are no longer required to disclose which governmental funds are used to liquidate the liability. Statement No. 102 mandates additional note disclosures to improve the transparency and consistency of a government’s risk financing activities. The purpose of this statement is to provide financial statement users with information about risks related to a government’s vulnerabilities from certain concentrations or constraints. The Library evaluated its funding and determined that it wasn’t aware of an event that was more than likely to occur to impact that funding, so no disclosure is required.

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 \$9,956 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, 2025, none of the Library’s bank balance of \$23,929,438 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, 2025, was \$28,224,372, plus \$250,000 of FDIC insurance gives coverage of \$28,474,372.

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.

PIONEER LIBRARY SYSTEM
Notes to Financial Statements
June 30, 2025

Note 1 – Summary of Significant Accounting Policies (continued)

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 2025, 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>\$ 570,213</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 570,213</u>
Total Recurring Fair Value Measurements	<u>\$ 570,213</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 570,213</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 the 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, 2025, from the combined funds.

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

At June 30, 2025, assets transferred to the Community Foundation by the System had a fair value of \$570,213 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.

PIONEER LIBRARY SYSTEM
Notes to Financial Statements
June 30, 2025

Note 2 – Cash and Investments (continued)

Distributions in the amount of \$1,825 for the year ended June 30, 2025, were received by the System. The fair value of the funds originally donated by third parties at June 30, 2025, was \$42,327. The System 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 FF&E was paid off last 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.

In fiscal year 2025, the Library recognized \$68,701 of lease revenue and \$22,301 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 12 – 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.

PIONEER LIBRARY SYSTEM
Notes to Financial Statements
June 30, 2025

Note 4 – Lease Receivable (continued)

The future minimum lease payments are due as follows:

Year Ending June 30	Principal Payments	Interest Payments	Total
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	70,843	11,057	81,900
2031-2035	256,251	16,749	273,000
	<u>\$ 565,660</u>	<u>\$ 95,840</u>	<u>\$ 661,500</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 right to use assets are amortized on a straight-line basis over the life of the related lease. The Library has recorded three types of right to use leased assets. The assets are right to use assets for 32 leased copiers, 1 leased postage machine, and 1 facility lease. The right to use leased assets are amortized on a straight-line basis over the terms of the related leases.

Right to use asset activity for the Primary Government for the year ended June 30, 2025, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Right to use assets				
Leased copiers	\$ 420,674	\$ -	\$ -	\$ 420,674
Leased postage meter	17,650	-	-	17,650
Leased facility	-	83,751	-	83,751
Total right to use assets	<u>\$ 438,324</u>	<u>\$ 83,751</u>	<u>\$ -</u>	<u>\$ 522,075</u>
Less accumulated amortization for:				
Leased copiers	\$ (84,186)	\$ (84,145)	\$ -	\$ (168,331)
Leased postage meter	(11,684)	(3,922)	-	(15,606)
Leased facility	-	(47,858)	-	(47,858)
Total accumulated amortization	<u>(95,870)</u>	<u>(135,925)</u>	<u>-</u>	<u>(231,795)</u>
Right to use assets, net	<u>\$ 342,454</u>	<u>\$ (52,174)</u>	<u>\$ -</u>	<u>\$ 290,280</u>

PIONEER LIBRARY SYSTEM
Notes to Financial Statements
June 30, 2025

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 \$2,044.

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 \$252,343.

The third lease agreement was executed on 9/25/24 to lease a facility for nine months with monthly lease payments of \$4,000. The lease has two options to renew: the first for one year and the second for six months. The lease liability is measured at a discount rate of 2.39% which was the Emma Bond Yield Curve rate. As a result of this lease, the Library has recorded a right to use asset with a current net book value of \$35,893.

PIONEER LIBRARY SYSTEM
Notes to Financial Statements
June 30, 2025

Note 7 – Long-Term Obligations (continued)

The future minimum lease obligations and net present value of these minimum lease payments as of June 30, 2025, were as follows:

Year Ending June 30	Principal Payments	Interest Payments	Total
2026	\$ 134,157	\$ 12,157	\$ 146,314
2027	85,802	7,859	93,661
2028	89,557	4,073	93,630
2029	46,256	590	46,846
	<u>\$ 355,772</u>	<u>\$ 24,679</u>	<u>\$ 380,451</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, 2025, for the System is as follows:

	Balance June 30, 2024	Increases	Decreases	Balance June 30, 2025
Other capital assets				
SBITA	\$ 567,660	\$ -	\$ -	\$ 567,660
Total capital assets (intangible)	<u>\$ 567,660</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 567,660</u>
Less accumulated amortization				
SBITA	(288,690)	(135,480)	-	(424,170)
Total accumulated amortization	<u>(288,690)</u>	<u>(135,480)</u>	<u>-</u>	<u>(424,170)</u>
Other capital assets, net	<u>\$ 278,970</u>	<u>\$ (135,480)</u>	<u>\$ -</u>	<u>\$ 143,490</u>

SBITA Obligations during the year ended June 30, 2025, for the System are as follows:

	Balance June 30, 2024	Increases	Decreases	Balance June 30, 2025	Amounts Due Within one year
Lease Obligations	\$ 275,648	\$ -	\$ 152,416	\$ 123,232	\$ 60,822
	<u>\$ 275,648</u>	<u>\$ -</u>	<u>\$ 152,416</u>	<u>\$ 123,232</u>	<u>\$ 60,822</u>

PIONEER LIBRARY SYSTEM
Notes to Financial Statements
June 30, 2025

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

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

Year Ending June 30	Principal Payments	Interest Payments	Total
2026	\$ 60,822	\$ 2,856	\$ 63,678
2027	62,410	1,457	63,867
	<u>\$ 123,232</u>	<u>\$ 4,313</u>	<u>\$ 127,545</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, 2025, no balance was owed. No interest expense was paid or incurred during the year ended June 30, 2025, related to short-term borrowing.

Note 10 – Other Current Liabilities

The liability balance and activity for the year ended June 30, 2025, were as follows:

	(Restated) Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental activities:					
Lease obligations	\$ 306,966	\$ -	\$ 85,351	\$ 221,615	\$ 134,157
SBITA obligations	123,232	-	60,822	62,410	60,822
Compensated absences	427,539	1,246,038	-	1,673,577	1,673,577
Long-term liabilities	<u>\$ 857,737</u>	<u>1,246,038</u>	<u>146,173</u>	<u>\$ 1,957,602</u>	<u>\$ 1,868,556</u>

Note 11 – Commitments

Encumbrances – As discussed in Note 1 above, budgetary information, budgetary basis of accounting, and encumbrance accounting are utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At June 30, 2025, the amount of encumbrances expected to be honored upon performance by the vendor in the next year was:

General Fund	\$ 275,117
Gifts and Grants Fund	225
Total	<u>\$ 275,342</u>

PIONEER LIBRARY SYSTEM
Notes to Financial Statements
June 30, 2025

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, 2025, are as follows:

	Beginning <u>Balances</u>	<u>Increases</u>	<u>Decreases</u>	Ending <u>Balances</u>
Non-depreciable Capital Assets:				
Land	\$ 161,179	\$ -	\$ -	\$ 161,179
Computer Equipment	<u>220,470</u>	<u>34,495</u>	<u>220,470</u>	<u>34,495</u>
Total Non-Depreciable Capital Assets	<u>\$ 381,649</u>	<u>\$ 34,495</u>	<u>\$ 220,470</u>	<u>\$ 195,674</u>
Depreciable Capital Assets:				
Library Books	\$ 17,615,647	\$ 1,020,944	\$ 834,047	\$ 17,802,544
Building	5,147,902	89,421	-	5,237,323
Furniture and Fixtures	1,476,851	184,433	131,257	1,530,027
Computer Equipment	6,724,718	1,905,408	1,898,210	6,731,916
Vehicles	<u>607,274</u>	<u>-</u>	<u>-</u>	<u>607,274</u>
Total Depreciable Capital Assets	<u>31,572,392</u>	<u>3,200,206</u>	<u>2,863,514</u>	<u>31,909,084</u>
Less Accumulated Depreciation for:				
Library Books	14,788,855	1,267,149	834,047	15,221,957
Building	1,214,070	137,556	-	1,351,626
Furniture and Fixtures	1,235,915	102,365	131,257	1,207,023
Computer Equipment	4,888,112	986,305	1,739,751	4,134,666
Vehicles	<u>420,821</u>	<u>60,336</u>	<u>-</u>	<u>481,157</u>
Total Accumulated Depreciation	<u>22,547,773</u>	<u>2,553,711</u>	<u>2,705,055</u>	<u>22,396,429</u>
Total Depreciable Capital Assets, Net	<u>\$ 9,024,619</u>	<u>\$ 646,495</u>	<u>\$ 158,459</u>	<u>\$ 9,512,655</u>

PIONEER LIBRARY SYSTEM
Notes to Financial Statements
June 30, 2025

Note 13 – Fund Balance

The following table shows the fund balance classifications as shown on the governmental funds balance sheet as of June 30, 2025:

	General Fund	Gifts and Grants Fund	Total Governmental Funds
Fund Balance			
Assigned:			
Cleveland County Libraries	\$ 124,560	\$ -	\$ 124,560
Moore Library Project	153,806	-	153,806
McClain County Libraries	173,995	-	173,995
Pottawatomie County Libraries	50,000	-	50,000
Library Projects	220,000	-	220,000
Special Revenue Funds		936,421	936,421
Committed:			
Reserved for Encumbrances	275,117	225	275,342
Unassigned	<u>21,575,683</u>	<u>-</u>	<u>21,575,683</u>
Total Fund Balance	<u>\$ 22,573,161</u>	<u>\$ 936,646</u>	<u>\$ 23,509,807</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 – Beginning January 1, 2025, all employees were required to contribute 4% of their salary to the plan as a condition of their employment with Pioneer. A payroll offset adjustment to cover the cost of the mandatory 4% employee contribution also began on January 1, 2025. All salaried employees will be eligible to receive a 12% contribution upon a successful end of the initial training period evaluation, effective September 24, 2024. A one-time lump sum True-Up Cashout was awarded to eleven active employees in the terminated Defined Benefit plan who were currently receiving an employer contribution to the Defined Contribution plan of greater than 12%. The Library decided to implement the changes after conducting a survey of its fellow Oklahoma Library systems, which revealed that its retirement benefits were not competitive. This started a ten-month journey with their financial consultants and their Retirement Plans Committee to improve the retirement plans of the Library. Financial experts agree that the average person should save 15% of

PIONEER LIBRARY SYSTEM
Notes to Financial Statements
June 30, 2025

Note 14 – Defined Contribution Retirement Plan (continued)

their annual salary to retire comfortably at the age of 65. The Pioneer Library System Board of Trustees has the authority to establish and/or amend the plan's funding policy. Contributions paid to the plan for the year ended June 30, 2025, totaled \$1,253,568.

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 three employees who completed and returned a signed offer agreement were selected to receive the benefit. By accepting the offer, the employees agreed to a May 1, 2025 retirement date. 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 \$69,629. Payments were issued on May 15, 2025.

Note 17 – Subsequent Events

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

In August 2025, the System filed a civil suit against the City of Norman, the Norman Municipal Authority, and the construction company for breach of contract and damages incurred related to the discovery of mold and the subsequent indefinite closure of the Norman Central Library Branch. The City of Norman is moving to consolidate the case with the pending case it has filed against the construction company for negligence and related claims concerning the mold at the property. The case is pending as of the issuance date of this report.

PIONEER LIBRARY SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
Budgetary Comparison Schedule – General Fund
(Unaudited)

PIONEER LIBRARY SYSTEM
Budgetary Comparison Schedule - General Fund (Unaudited)
June 30, 2025

	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	\$ 23,814,474	\$25,308,938	\$ 25,515,202	\$ (8,318)	\$ 25,523,520	\$ 214,582
State Revenue	114,015	114,015	114,914	-	114,914	899
Interest	585,399	375,000	897,804	23,057	874,747	499,747
Other Financing Sources	-	-	83,751	83,751	-	-
Other	188,458	209,075	276,880	(4,932)	281,812	72,737
Use of Designated Fund Bal	<u>-</u>	<u>2,581,233</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,581,233)</u>
Amounts Available for Appropria	<u>24,702,346</u>	<u>28,588,261</u>	<u>26,888,551</u>	<u>93,558</u>	<u>26,794,993</u>	<u>(1,793,268)</u>
Charges to Appropriations (outflows)						
Personnel Services	15,819,322	15,757,024	16,185,185	(1,242,888)	14,942,297	814,727
Materials	3,689,117	3,800,000	3,783,190	49,319	3,832,509	(32,509)
General and Administrative	2,540,956	3,183,464	3,296,274	(9,343)	3,286,931	(103,467)
Technology	2,199,168	2,500,000	2,270,643	(10,490)	2,260,153	239,847
System Services	<u>1,191,900</u>	<u>3,347,773</u>	<u>1,113,032</u>	<u>(9,941)</u>	<u>1,103,091</u>	<u>2,244,682</u>
Total Charges to Appropriations	25,440,463	28,588,261	26,648,324	(1,223,343)	25,424,981	3,163,280
Change in Net Assets	(738,117)	-	240,227	1,316,901	1,370,012	(4,956,548)
Beginning Fund Balance	<u>20,142,009</u>	<u>21,908,646</u>	<u>21,908,646</u>	<u>-</u>	<u>21,908,646</u>	<u>-</u>
Ending Fund Balance	<u>\$ 19,403,892</u>	<u>\$ 21,908,646</u>	<u>\$ 22,148,873</u>	<u>\$ 1,316,901</u>	<u>\$ 23,278,658</u>	<u>\$ (4,956,548)</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	\$ 93,558
Encumbrances for the prior fiscal year which were included in the year ordered for budgetary purposes but were cancelled during the current budgetary year	<u>1,223,343</u>
	<u>\$ 1,316,901</u>

Notes to Required Budgetary Information

Budgeting and Budgetary Control

Oklahoma Statutes 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 24, 2025

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, 2025, 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 24, 2025. 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 24, 2025

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
Gray, Blodgett & Company, PLLC