

**INDEPENDENT  
ACCOUNTANT'S AUDIT REPORT  
WESTERN PLAINS LIBRARY SYSTEM**

**JUNE 30, 2019**

BY



**FURRH  
& ASSOCIATES  
CERTIFIED PUBLIC ACCOUNTANTS**

# Western Plains Library System

Clinton, Oklahoma

Year Ended June 30, 2019

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**Western Plains Library System**  
**Clinton, Oklahoma**  
**Year Ended June 30, 2019**

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**Management Discussion & Analysis**  
**Western Plains Library System**  
For the year ending June 30, 2019

**Mission Statement**

The mission of Western Plains Library System is to connect people to information and entertainment via its core values of Passionate Service; Unwavering Integrity; and Adventurous Thinking. \*

\*Adopted by the Board of Trustees in April 2008.

**Background**

Today, Western Plains Library System (WPLS) serves approximately 48,713 citizens in the four-county area of Custer, Dewey, Roger Mills and Washita Counties. At the end of FY 18, WPLS had 10,766 registered borrowers. Just five years ago, WPLS had 9,878 registered borrowers; therefore, the user base has grown 9% in a short number of years.

Multi-County Library Systems were established and are regulated in Oklahoma as set forth by Title 65, Article 4, Section 202-206 of the Oklahoma Statutes. Under the Direction of Oklahoma Department of Libraries' Field Consultant, Dee Ann Ray, the Custer-Washita Library (now Western Plains Library System) was created in 1966 by the voters of the respective counties. The newly created Board of the Custer-Washita library then hired Dee Ann as the first Executive Director. In 1967 Dewey County voted to join the Custer-Washita Library, and Roger Mills County joined in 1968. The System was officially renamed Western Plains Library System in 1968. Dee Ann Ray went on to serve as the Director of WPLS for 37 years until her retirement in 2003. Long-time Bookmobile Librarian Jane Janzen assumed the Directorship in 2003; a position she held until her retirement in 2013. In 2013 Assistant Director Tim Miller was promoted to the WPLS Director's position.

Presently, financial support for WPLS is at four mills per \$1,000 assessed valuation in Custer County and at two mills per \$1,000 assessed valuation in Dewey, Roger Mills and Washita Counties. The constitutional maximum funding level for rural multi-county library systems in Oklahoma is four mills. Municipal single-county libraries (Metropolitan, Tulsa) are allowed a maximum level of six mills.

**Management Discussion & Analysis**  
**Western Plains Library System**  
For the year ending June 30, 2019

**Trustees**

WPLS is governed by a Board of eleven Trustees. Each city government of the 7 WPLS communities with a public library appoints a trustee, as does each of the four Boards of County Commissioners of the WPLS service area.

Board of Trustees as of June 30, 2019:

Board Member	Appointing Body	Board Position
Janet McEwen*	Town of Sentinel	Chair
Pat Kourt*	City of Thomas	Vice-Chair
Jackie Duncan*	City of Weatherford	Treasurer
Anneva Sander*	City of Seiling	Member
Bart Watkins	Dewey County Commissioners	Member
Colette Greene	City of Cordell	Member
Barbara O'Neill	Roger Mills County Commissioners	Member
Beth Miller	Custer County Commissioners	Member
Darla Johnson	City of Clinton	Member
Charlotte Betche	Washita County Commissioners	Member
Janith Moore	Town of Cheyenne	Member

\*Term ending on June 30, 2019

**Management Discussion & Analysis**  
**Western Plains Library System**  
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**Personnel**

Paid employees for FY19 include twenty-three full-time staff members and fifteen part-time staff members. All employees who work 30+ hours per week are counted as full-time. WPLS has five employees with a Master's Degree in Library and Information Studies serving in administrative positions. Oklahoma Department of Libraries' State Aid Regulations require a minimum of three MLIS-degreed librarians be employed by WPLS.

Western Plains' staff salaries are very competitive within the regional library industry thanks to a Salary Survey conducted by the Singer Group in the fall of 2013. Western Plains provides insurance benefits to its employees via a benefit allowance. Each eligible employee is given a set monthly dollar amount, computed annually by formula, to spend on insurance options. As a quasi-governmental entity, Western Plains is eligible for and participates in the Oklahoma State employee health plans administered by the Employees Group Insurance Division. Many of WPLS' sister library systems are still in small-group private health plans, and thus, are paying much higher rates for their employee insurance benefits.

As of June 30, WPLS' retirement benefit is provided via a 401(a)-plan paired with a governmental 457. Both plans are administered by Nationwide with financial advisor services provided by Waddell & Reed. WPLS requires a minimum 5% employee contribution into each 457, matched up to 7% of annual wages into each eligible employee's 401(a).<sup>1</sup>

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<sup>1</sup> On July 1, 2019, the WPLS match rises to 8%.

**Management Discussion & Analysis**  
**Western Plains Library System**  
For the year ending June 30, 2019

**Library Services**

In the spirit of "free public access" endorsed, promoted and practiced by libraries throughout the United States, WPLS serves the citizens in the four-county region and beyond in a multitude of ways. WPLS provides information and access to information in a seamless manner in many formats: print; electronic databases that offer access within the library and to remote locations (home, office, etc.); specialized on-line databases and learning programs; e-Books and e-audiobooks; instruction through classes and individual assistance as needed; programming for children, young people and adults; films (DVDs); music (digital download); magazine and newspapers and microfilm.

Services include, but are not limited to: reference, reader's advisory, Interlibrary Loan and programming. A growing number of WPLS customers do not know how to access specialized information, resources, employment applications and other forms without the assistance of skilled library personnel. E-Reader classes are still popular as many customers need help downloading E-books and learning more about their particular E-reader device.

Five WPLS branch libraries have meeting rooms that are available and free for public use.

**Management Discussion & Analysis**  
**Western Plains Library System**  
 For the year ending June 30, 2019

**Circulation**

Circulation for all of FY19 totaled 154,225. The chart below illustrates how digital circulations is holding steady as a percentage of WPLS' total circulation.

Fiscal Year	Total Circulation	Digital Circulation	Digital as % of Total
2014	136,705	15,038	11%
2015	146,763	19,918	13.5%
2016	158,274	26,791	16.9%
2017	167,544	35,754	21.3%
2018	154,225	30,064	19.4%
2019	159,677	42,973	26.9%

Other library services have shown growth over the last year as well:

- Computer Usage                                    156,565
- Interlibrary Loan Requests                    1,842



**Management Discussion & Analysis**  
**Western Plains Library System**  
For the year ending June 30, 2019

**Programming**

Quality programming geared toward the WPLS’ user base has always driven customers into our library buildings. During the Summer Reading Program (SRP) in particular a number of libraries now hold performances off-site due to capacity constraints of the current library buildings.

WPLS participates in the ODL sponsored, nationally known, Collaborative Library Summer Reading Program. For the reading program, branches encourage children to sign up and complete the challenge of reaching a reading goal. To ensure the children’s interest and excitement remains piqued, story and craft times, among other programs, are offered at all branches. Also, many sign up parties have grown so exponentially that the branches must hold “signups” at outside venues or all day long to accommodate the crowds of families. By investing in quality performers, WPLS attracts large crowds that then discover and utilize library materials in addition to signing their children up for the reading challenge. As demonstrated in the chart below, summer attendance has grown significantly in each of the past years.

Fiscal Year	SRP Attendance	SRP Programs	Total Attendance	Total Programs
2013	4,561	183	10,578	572
2014	6,932	201	12,185	543
2015	7,554	248	14,944	739
2016	7,501	269	15,088	708
2017	7,663	259	18,699	850
2018	7,625	266	17,737	860
2019	7,455	290	15,650	971

Teen and Tween programming is essential to our system’s continued growth. We continued our Teen Summer Reading Program this year and launched a system-wide Tween program. Programming for this group is the most difficult; however, it is ultimately worthwhile. We have a unique opportunity to help these young people become lifelong learners imbued with a love of reading and a true understanding of their library’s value to their lives.

WPLS provides programming at many community events in addition to in-library programs. Listed below are the locations and events at which we provided programming. At every event we issue library cards live using cellular connected iPads or mobile devices connected to our Bookmobile’s hotspot.

- Cheyenne: Pioneer Days (Scavenger Hunt program)
- Clinton: Indian Health Resource Fair (Library Card Sign Ups), Career Day at CHS (Library Card Sign Ups)

**Management Discussion & Analysis**  
**Western Plains Library System**  
For the year ending June 30, 2019

Cordell: Pumpkin Festival  
Sentinel: JH/HS Basketball Game (Library Card Sign Ups)  
Thomas: Touch a Truck

Weatherford: SWOSU Organization Fair (Library Card Sign Ups)

Additionally, our Bookmobile participates in parades in the communities of Clinton, Seiling, Sentinel, Thomas and Weatherford.

For seven years now WPLS has used the early months of January and February to offer a reading program specifically targeting the adults; it is simply titled the Winter Reading Program. Adults are encouraged to check out items by entering prize drawings. We have also implemented adult programs in all of the branches during the months of January and February. This has proven effective in raising the sluggish, post-Christmas lull in circulation.

Library managers offer many other themed programs and activities throughout the year that vary from branch to branch. The creativity and excitement of WPLS staff in these programs has been crucial in attracting many users, especially the younger customers, to the library. Management will continue to support the imaginations of our staff in developing engaging enrichment for their individual communities.

**Management Discussion & Analysis**  
**Western Plains Library System**  
For the year ending June 30, 2019

**Collections**

Just over \$285,000 was spent in FY19 to provide information and recreational materials, as well as electronic databases, to the customers of WPLS. Western Plains' suite of electronic databases cost just over \$34,000 in FY19. Several of these databases, such as Ancestry.com for genealogy and the Brainfuse database, which offers homework help and assistance in applying for jobs, saw strong usage.

At the conclusion of FY19, WPLS owns 163,508 items of all types. During FY19, 8,474 items were added to the WPLS collection and 12,871 were deleted.

WPLS had access rights to 12,884 digital items at the conclusion of FY19. During FY19, 1,530 new digital access rights were purchased. Given current budget support, at least 1,000 new digital titles will be added each year.

In FY16, WPLS deployed the Playaway Light format for the first time. Playaway lights digital audio devices offer one title per device. In FY19 WPLS deployed the Playaway Launchpad format. Launchpads are an android based tablet containing educational games or stories geared at young children. Using funds provided by the Children's Reading Trust Grant, WPLS purchased 872 Playaway devices of all types in FY18.

In FY19 Playaway Wonderbooks were purchased for the first time with just over \$26,000 spent to acquire an initial collection of 632 items.

**Management Discussion & Analysis**  
**Western Plains Library System**  
For the year ending June 30, 2019

**Financial Overview**

FY19 Actual Income (including grants)	\$2,417,437
FY19 Actual Operating Expenses	\$2,086,438
FY19 Capital Outlay	\$ 59,190
FY19 Grant Expenses*	\$ 67,549
FY19 Author Visit Expense**	\$ 65,000
FY19 Total Expenses	\$2,258,177

\* Children's Reading Trust Grant income recorded in FY15.

\*\*Deposit paid for FY20 visit by Nicholas Sparks

The major portion of WPLS' funding comes from county ad valorem taxes of four mills in Custer County and two mills in Dewey, Roger Mills and Washita Counties. Ad valorem generated \$2,345,997 in income for FY19.

Another source of WPLS' income is state aid administered by the Oklahoma Department of Libraries (ODL). For FY19, state aid was received for \$39,331. The state aid formula is based on population and the square miles within the WPLS service area.

Western Plains also derives a small amount of income, just over \$30,000, from the payment of library fees, interest on investments and customer payments via the Unique Management collection agency program.

Western Plains has brokered transactions for external Friends groups for a number of years. These transactions are usually cost-share allocations, with WPLS paying a fixed percentage and the Friends group paying a percentage toward the purchase of furnishings for branches. Ownership of all assets purchased under cost-share resides with WPLS.

One important source of funding for WPLS that is not directly recorded in the budget is the Universal Service (E-Rate) discounts for telephone and internet services. For WPLS, the FY19 discounts received for internet and telephone services for all libraries were \$410,033. The largest discount WPLS receives is for its point-to-point wireless WAN. WPLS' portion of the WAN for FY19 was \$34,560 or 10% of its total cost. FY19 was the last year of the wireless WAN contract. Expenses for WAN services will decrease significantly in FY20 due to a vendor switch.

Western Plains continues to file for, and receive, E-Rate discounts using in-house staff. Many Oklahoma library systems have hired consulting firms to perform this work, at an annual cost of well over \$50,000.

**Management Discussion & Analysis**  
**Western Plains Library System**  
For the year ending June 30, 2019

**Technology**

Western Plains continues to deploy and support up-to-date technology for its customers and staff. Currently WPLS has over 90 public and staff desktop computers in use across the system. These computers were purchased as a group in 2017 with an anticipated useful life of four years.

Each computer is protected from customer interference by Deep Freeze software, and all machines are deployed with commercial imaging software. In the event of a software failure or virus infection, the current image is reapplied to the machine with a down-time of less than a half-hour. This type of computer support, with Deep Freeze and imaging, allows each customer the same user experience across all branches and reduces day-to-day technical support to almost zero. WPLS does have a technology reserve set aside for the large-scale replacement of computer hardware. All hardware was replaced in FY17 using operating funds, so the technology reserve is still intact.

WPLS supports its desktop computers with a virtualized server architecture. Virtualized servers allow for physical separation by server function resulting in less down time. In FY19 after a ransomware attack that was defeated by rebuilding from clean backups, WPLS upgraded its IT infrastructure. E-mail scanning software was purchased, along with real-time desktop monitoring software and a cloud backup solution for all servers.

In addition to desktop computers, each branch library also has an iPad used to accept credit card payments for library fees and to photograph library events. All branch iPads were last upgraded in FY17. Additional iPads as Square registers are deployed to Clinton and Weatherford. Seven iPads are also issued to the department heads for use in support of their duties. This equipment is the property of WPLS and is returned upon an employee's departure.

**Management Discussion & Analysis**  
**Western Plains Library System**  
For the year ending June 30, 2019

**Employee Training and Professional Development**

WPLS management places a high value on training, continuing education and professional development for WPLS staff at all levels. For these reasons, WPLS invests money, time and energy in staff development by encouraging and requiring all staff to attend training, workshops and conferences.

All library managers and assistant-managers are currently certified, or pursuing certification, under the ODL Public Library Certification Program. The Certification Program was developed by ODL and OLA in the late 1990's so that a standard set of professional standards and training could be established for public libraries across Oklahoma. Most public libraries in Oklahoma are not managed by masters degreed librarians, and the certificate program provides an educational avenue for these library staff. (Founding WPLS Director Dee Ann Ray was a member the original committee which created the standards.)

Currently WPLS requires ODL certification of all library managers within their first two years of employment. The Executive Assistant/Human Resources Officer serve on the State Certification Board, which provides program oversight and develops curriculum.

MLIS-degreed staff are provided with multiple opportunities for professional development by attendance at regional and national library conferences. In the last few years, WPLS has also been able to bring several library mangers to these national library conferences. Conferences attended by WPLS staff in FY19 were as follows:

- TLC Software Users Group Conference: 4 attendees
- Oklahoma Library Association Conference: 14 attendees
- American Library Association (ALA) Conference: 14 attendees
- Mountain Plains Library Association Conference: 1 attendees

Western Plains' staff is also very active in the Oklahoma Library Association. Currently ten WPLS staff are active on twelve different OLA committees.

Western Plains currently holds a quarterly staff meeting for all library managers, assistant library managers and Main Office staff. This gives system management the opportunity to discuss items of interest, conduct in-house training on various topics and plan cooperative programming.

**Management Discussion & Analysis**  
**Western Plains Library System**  
 For the year ending June 30, 2019

**Outreach Publicity and Public Relations**

Understanding and communicating with the citizens and communities WPLS serves is a challenge about which the system is passionate. WPLS promotes the value of its libraries, services and programming at every opportunity. While several library managers write weekly columns for their local community newspaper, WPLS employs a full-time marketing representative. Having one employee, who is responsible for all WPLS marketing, allows the organization to advertise with a common theme and leads to more brand awareness of the services WPLS provides to each local branch library. Multiple management staff and several branch managers are also regular speakers at civic groups in their communities.

Western Plains first signed a contract with Wright Radio for regular advertising in July FY 18. The contract consisted of 750 radio ads and 750 public service announcements on all three stations and two remotes with KWEY. We successfully filled our contract and were able to renew for FY19 at the same rate. A newspaper contract was also signed in FY19 for ads in the West Ok Weekly, owned by Wright Radio. We advertise in all other area newspapers without a contract, with the exception of Weatherford Daily News, where a low-commitment contract exists. The increased attendance at library events across FY19 reflects the value of these advertising efforts.

Total paid ads by Month and Type:

	July	August	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	March	April	May	June
Print	2	9	15	9	8	11	14	13	6	6	11	20
Radio	0	75	120	60	60	55	105	75	25	75	40	170

Western Plains also strives to participate in at least one major event in each community. In many communities WPLS staff sit on the planning committees for the events.

Spotlight events by community:

- Cheyenne: Pioneer Days
- Clinton: Route 66 Festival
- Cordell: Pumpkin Festival
- Seiling: Christmas Parade
- Sentinel: 4th of July Parade
- Thomas: Town-wide Christmas festivities
- Weatherford: SWOSU Homecoming Parade

**Management Discussion & Analysis**  
**Western Plains Library System**  
For the year ending June 30, 2019

**Capital Projects**

FY19 was a lighter year for capital projects. A listing of additional capital projects by branch is below:

Main Office:

- Replaced iPad issued to WPLS department heads
- Purchased a construction estimate for remodeling meeting room area
- Received delivery of 2019 Ford Transit Connect van
- Upgraded core router to support new WAN architecture

Cheyenne:

- Installed one security camera inside the branch

Clinton:

- Installed two security cameras inside the branch and two outside.
- Two network drops were added in the meeting room to support WPLS' partnership with the Adult Learning Center in Elk City which provides GED classes in the library.

Cordell:

- Installed one security camera inside the branch

Seiling

- Installed one security camera inside the branch

Sentinel

- Installed one security camera inside the branch

Thomas

- Installed one security camera inside the branch

Weatherford

- Installed one security camera inside the branch
- Repainted branch (joint project with City of Weatherford)
- Additional furniture purchased for Branch Manager office



**Management Discussion & Analysis**  
**Western Plains Library System**  
For the year ending June 30, 2019

**Advisory Boards/Friends Groups**

Western Plains has a structure of local library advisory boards unique in Oklahoma. At the time WPLS was formed, many communities in the service area had pre-existing public libraries with municipally appointed governing boards. In other parts of Oklahoma these groups were dissolved upon the formation of a library system. However, in western Oklahoma these local library boards were adopted into the structure of WPLS as Advisory Boards. These Advisory Boards have historically functioned as “Friends of the Library” supporters and have advocated for physical library improvements with their respective municipal governments.

The Advisory Boards have also raised funds to support their local library and held these deposits in the name of their group. Changes in banking laws over the last decade are making it more difficult for these Advisory Boards to bank in their own name; as their legal entity type is not easily discerned.

Currently, WPLS management is assisting each of these Advisory Boards in forming their own 501c3 groups. Clinton, Sentinel and Weatherford currently have 501c3 status. Once formed, the assets of each Advisory Board is being transferred to these newly formed groups. This model will best satisfy the current banking regulatory environment, as well as providing each community its own tax-exempt organization to solicit donations and grants. In FY19 the Cheyenne Advisory Board voted to acquire 501 status and Tim has filed the necessary paperwork. Thomas and Cordell are content with the current arrangement, although preliminary 501 formation discussions occurred in Thomas. Seiling’s Advisory Board assets are under the City’s tax id number.

It is a goal of WPLS that eventually every library will have its own 501c3 group to raise funds that supplement library programming and provide for physical facility improvements. A tax-exempt fund raising vehicle is particularly critical when large-scale building projects are being considered.

**Management Discussion & Analysis**  
**Western Plains Library System**  
For the year ending June 30, 2019

**Director's Statement**

As I complete my fifth year, it continues to be an honor to serve as Executive Director of the Western Plains Library System. It is a privilege to work with outstanding Trustees; very intelligent, and high-energetic staff members and supportive communities. WPLS has grown steadily over the last few years and I look forward to seeing what we can achieve in the coming years.

For additional information contact Tim Miller at (580) 323-0974.



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## INDEPENDENT AUDITOR'S REPORT

Board of Trustees  
Western Plains Library System  
Clinton, Oklahoma

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities and the discretely presented component units of the Western Plains Library System, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Western Plains Library System's basic financial statements as listed in the table of contents.

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

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

### **Auditor's Responsibility**

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

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and the discretely presented component units of the Western Plains Library System, as of June 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages A-1 thru A-15 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The Budgetary Comparison Schedule on pages 23-24 and the Notes to the Required Supplementary Information on page 25 are also presented according to Governmental Accounting Standards Board requirements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Budgetary Comparison Schedule and Notes to the RSI are fairly stated in all material respects in relation to the basic financial statements as a whole.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Western Plains Library System's basic financial statements. The combining nonmajor fund financial statements and grant schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund financial statements and the grant schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements and the grant schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 29, 2019, on our consideration of the Western Plains Library 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 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 Western Plains Library System's internal control over financial reporting and compliance.

*Furrh & Associates, PC*  
FURRH & ASSOCIATES, PC

Lawton, Oklahoma  
August 29, 2019

**Western Plains Library System**  
**Clinton, Oklahoma**  
**Statement of Net Position**  
**June 30, 2019**

	<u>Governmental Activities</u>	<u>Enterprise Activities</u>	<u>Total</u>
<b><u>Current Assets</u></b>			
Cash and Cash Equivalents	\$ 1,562,135	\$ 15,108	\$ 1,577,243
Investments	50,815	0	50,815
Ad Valorem Tax Receivable	218,178	0	218,178
Prepaid Assets	49,110	0	49,110
Inventory	0	860	860
	<hr/>	<hr/>	<hr/>
Total Current Assets	1,880,238	15,968	1,896,206
<b><u>Other Assets</u></b>			
Fixed Assets, Net of Accum Depr.	1,292,027	0	1,292,027
	<hr/>	<hr/>	<hr/>
Total Other Assets	1,292,027	0	1,292,027
	<hr/>	<hr/>	<hr/>
<b>Total Assets</b>	<b>\$ 3,172,265</b>	<b>\$ 15,968</b>	<b>\$ 3,188,233</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b><u>Liabilities</u></b>			
Accounts Payable	\$ 11,512	\$ 0	\$ 11,512
Unpaid Compensated Absences	62,980	0	62,980
	<hr/>	<hr/>	<hr/>
Total Liabilities	74,492	0	74,492
<b><u>Net Position</u></b>			
Invested in Capital Assets, Net of Debt	1,292,027	0	1,292,027
Restricted	0	15,968	15,968
Unrestricted	1,805,746	0	1,805,746
	<hr/>	<hr/>	<hr/>
Total Net Position	3,097,773	15,968	3,113,741
	<hr/>	<hr/>	<hr/>
<b>Total Net Position and Liabilities</b>	<b>\$ 3,172,265</b>	<b>\$ 15,968</b>	<b>\$ 3,188,233</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Please see accompanying notes to the financial statements.

**Western Plains Library System**  
**Clinton, Oklahoma**  
**Statement of Activities**  
**Year Ended June 30, 2019**

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities	Total
<b>Primary Government</b>							
Governmental Activities:							
Operating Expenses	\$ 609,115	\$ 18,898	\$ 1,500	\$ 0	\$ (588,717)	\$ 0	\$ (588,717)
Personnel Services	1,331,006	0	0	0	(1,331,006)	0	(1,331,006)
Informational Materials	286,793	0	0	0	(286,793)	0	(286,793)
Public & Technical Services	120,410	0	0	0	(120,410)	0	(120,410)
Total Governmental Activities	2,347,324	18,898	1,500	0	(2,326,926)	0	(2,326,926)
Business Type Activities:							
Sales	623	492	0	0	0	0	0
Total Business Type Activities	623	492	0	0	0	0	0
Total Primary Government	\$ 2,347,947	\$ 19,390	\$ 1,500	\$ 0	\$ (2,326,926)	\$ (131)	\$ (2,327,057)
<b>General Revenue</b>							
Ad Valorem Tax					2,345,997	0	2,345,997
State Aid					39,331	0	39,331
Interest					8,634	0	8,634
Miscellaneous					7,004	0	7,004
Donations					4,955	0	4,955
Transfers					(3,194)	3,194	0
Total General Revenue					2,402,727	3,194	2,405,921
Change in Net Position					75,801	3,063	78,864
Net Position, June 30, 2018					3,021,972	12,905	3,034,877
Net Position, June 30, 2019					\$ 3,097,773	\$ 15,968	\$ 3,113,741

Please see accompanying notes to the financial statements.

**Western Plains Library System**  
**Clinton, Oklahoma**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2019**

	<b>General Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b><u>Assets</u></b>			
Petty Cash	\$ 50	\$ 0	\$ 50
Cash - Mid First Bank	1,482,935	0	1,482,935
Cash - Bank of Cordell	48,903	0	48,903
Cash - OK Bank and Trust	10,588	8,147	18,735
Cash - First Bank and Trust	0	11,512	11,512
CD - Security State	50,815	0	50,815
Ad Valorem Tax Receivable	218,178	0	218,178
Prepaid Assets	49,110	0	49,110
Fixed Assets	2,254,742	0	2,254,742
Accumulated Depreciation	(2,254,742)	0	(2,254,742)
Total Assets	\$ 1,860,579	\$ 19,659	\$ 1,880,238
<b><u>Liabilities</u></b>			
Accounts Payable	\$ 11,512	\$ 0	\$ 11,512
Compensated Absences Liability	62,980	0	62,980
Total Liabilities	74,492	0	74,492
<b><u>Fund Balance</u></b>			
Nonspendable	49,110	0	49,110
Restricted	0	0	0
Committed	521,610	0	521,610
Assigned	460,000	0	460,000
Unassigned	755,367	19,659	775,026
Total Fund Balance	1,786,087	19,659	1,805,746
Total Liabilities and Fund Balance	\$ 1,860,579	\$ 19,659	

Please see accompanying notes to the financial statements.



**Western Plains Library System**  
**Clinton, Oklahoma**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2019**

Fund Balances	\$ 1,805,746
Amounts Reported for Governmental Activities in the Statement of Net Position are different because:	
Capital Assets Used by Governmental Activities of \$2,339,040 Net of Accumulated Depreciation of \$1,047,013 are not financial resources and, therefore, are not reported in the funds.	<u>1,292,027</u>
Net Position of Governmental Activities	<u><u>\$ 3,097,773</u></u>

Please see accompanying notes to the financial statements.

**Western Plains Library System**  
**Clinton, Oklahoma**  
**Statement of Revenue, Expenditures, and Changes in Fund Balance**  
**Governmental Funds**  
**Year Ended June 30, 2019**

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b><u>Revenue</u></b>			
Ad Valorem Tax Revenue	\$ 2,345,997	\$ 0	\$ 2,345,997
State Aid	39,331	0	39,331
Branch Library Income	17,884	0	17,884
Interest Income	8,594	40	8,634
Miscellaneous Revenue	7,004	0	7,004
Grant Revenue	1,500	0	1,500
Collection Income	1,014	0	1,014
Donations	0	4,955	4,955
Total Revenue	2,421,324	4,995	2,426,319
<b><u>Expenditures</u></b>			
Personnel Services			
Salaries and Wages	1,021,473	0	1,021,473
Employee Insurance	174,610	0	174,610
Payroll Taxes	81,375	0	81,375
Retirement Costs	53,391	0	53,391
Substitute Travel	157	0	157
Total Personnel Services	1,331,006	0	1,331,006
Informational Materials			
Books - Print	131,424	1,274	132,698
Downloadables	75,335	0	75,335
Databases	33,500	0	33,500
DVDs	16,829	0	16,829
Audio Books	15,778	0	15,778
Magazines/Newspapers	10,608	0	10,608
Vendor Processing	1,795	0	1,795
Microfilm	250	0	250
Total Informational Materials	285,519	1,274	286,793
Public and Technical Services			
Programming Fees, Supplies & Travel	96,132	0	96,132
IT Services	13,332	0	13,332
Technical Services	10,946	0	10,946
Total Public & Technical Services	120,410	0	120,410

Please see accompanying notes to the financial statements.

**Western Plains Library System**  
**Clinton, Oklahoma**  
**Statement of Revenue, Expenditures, and Changes in Fund Balance**  
**Governmental Funds**  
**Year Ended June 30, 2019**

<u>Expenditures (cont.)</u>	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Operating Expenses			
Grant Expenditures	\$ 67,549	\$ 0	\$ 67,549
Capital Outlay (Depreciation)	59,190	0	59,190
Automation	43,262	0	43,262
Internet Access	41,360	0	41,360
Insurance	38,429	0	38,429
Professional Consulting	37,254	0	37,254
Marketing	34,868	0	34,868
Building Maintenance	34,863	0	34,863
Professional Development	34,170	0	34,170
Vehicle Expense	22,762	0	22,762
Staff Development	20,879	0	20,879
Utilities	19,919	0	19,919
Contingency Expense	16,618	0	16,618
Equipment Expense	16,237	0	16,237
Supplies	10,624	0	10,624
Computer Expense	9,853	0	9,853
Travel	9,399	0	9,399
Postage and Freight	9,096	0	9,096
Miscellaneous Expense	4,346	0	4,346
Human Resources Expense	4,341	0	4,341
Furniture Expense	4,247	0	4,247
Collection Agency	2,909	0	2,909
Rent Expense	1,747	0	1,747
Banking Service Fees	515	30	545
Total Operating Expenses	544,437	30	544,467
Total Expenditures	2,281,372	1,304	2,282,676
Revenue Over (Under) Expenditures	139,952	3,691	143,643
Fund Balance, June 30, 2018	1,646,135	15,968	1,662,103
Fund Balance, June 30, 2019	\$ 1,786,087	\$ 19,659	\$ 1,805,746

Please see accompanying notes to the financial statements.

**Western Plains Library System**  
**Clinton, Oklahoma**  
**Enterprise Fund**  
**Statement of Net Position**  
**Year Ended June 30, 2019**

<u>Assets</u>		
Current Assets:		
Cash - MidFirst Bank, Weatherford	\$ 15,108	
Inventory	860	
Total Current Assets		\$ 15,968
Noncurrent Assets:		
Capital Assets	0	
Accumulated Depreciation	0	
Total Noncurrent Assets		0
Total Assets		\$ 15,968
 <u>Liabilities</u>		
Unearned Revenue	\$ 0	
Total Liabilities		\$ 0
 <u>Net Position</u>		
Restricted	15,968	
Total Net Position		15,968
Total Liabilities and Net Position		\$ 15,968

Please see accompanying notes to the financial statements.

**Western Plains Library System**  
**Clinton, Oklahoma**  
**Enterprise Fund**  
**Statement of Revenue, Expense, and Changes in Fund Net Position**  
**Year Ended June 30, 2019**

<b><u>Operating Revenue</u></b>	
Sales	\$ 492
<b><u>Operating Expense</u></b>	
Cost of Inventory	<u>623</u>
Net Operating Income (Loss)	(131)
<b><u>Nonoperating Revenue (Expense)</u></b>	
Transfers from Western Plains	
Net Nonoperating Revenue (Expense)	<u>3,194</u>
Net Revenue (Loss)	3,063
Total Net Position, June 30, 2018	<u>12,905</u>
Total Net Position, June 30, 2019	<u><u>\$ 15,968</u></u>

Please see accompanying notes to the financial statements.

**Western Plains Library System**  
**Clinton, Oklahoma**  
**Enterprise Fund**  
**Statement of Cash Flows**  
**Year Ended June 30, 2019**

<b><u>Cash Flows from Operating Activities</u></b>	
Receipts from Customers	\$ 492
Payments to Suppliers	<u>(344)</u>
Net Cash Provided (Used) by Operating Activities	148
<b><u>Cash Flows from Noncapital Financing Activities</u></b>	
Transfers from Western Plains	<u>3,194</u>
Net Cash Provided (Used) by Noncapital Financing Activities	3,194
<b><u>Cash Flows from Capital and Related Financing Activities</u></b>	
Capital Assets Purchased	0
Capital Assets Sold	<u>0</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	0
<b><u>Cash Flows from Investing Activities</u></b>	
Interest Income	<u>0</u>
Net Cash Provided (Used) by Investing Activities	<u>0</u>
Net Increase (Decrease) in Cash and Cash Equivalents	3,342
Cash and Cash Equivalents - June 30, 2018	<u>11,766</u>
Cash and Cash Equivalents - June 30, 2019	<u><u>\$ 15,108</u></u>
<b><u>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities</u></b>	
Operating Income (Loss)	\$ (131)
Adjustments to Reconcile Operating Income (Loss) to Cash Provided by Operating Activities	
Decrease in Inventory	<u>279</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ 148</u></u>

Please see accompanying notes to the financial statements.

# Western Plains Library System

Clinton, Oklahoma

Notes to Financial Statements

Year Ended June 30, 2019

## **Note 1 – Summary of Significant Accounting Policies**

The Western Plains Library System (the System) is a multi-county quasi-governmental organization under Title 65 (Multi-County Act) of the Oklahoma Statutes. The System is governed by a board of trustees appointed by the county commissioners of Custer, Dewey, Roger Mills, and Washita Counties, and by the governing boards of all towns with a WPLS library. Presently, there are the following towns and cities: Cheyenne, Cordell, Clinton, Weatherford, Thomas, Seiling and Sentinel, Oklahoma that are represented on the board of trustees.

For financial reporting purposes, the System includes all funds, agencies, boards, commissions and authorities that are controlled by or dependent on the System's executive or legislative branches. Control by or dependence on the System was determined on the basis of oversight responsibility, scope of public service, and special financing relationships. Oversight responsibility includes financial interdependence, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters.

The Western Plains Library System keeps its records and prepares its financial statements on the accrual basis of accounting. Revenues are recognized when susceptible to accrual (i.e. when they become both measurable and available.) "Measurable" means the amount of the transaction can be determined; and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred.

Purchases of all materials and supplies are charged to operations in the period in which purchases are made. Amounts of inventories on hand are not considered material and are not included in the financial statements.

The preparation of the 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.

The System is a multi-county quasi-governmental organization under the laws of the State of Oklahoma. As a library system (a political sub-division of the State of Oklahoma), the System is exempt from federal and state income taxes.

## **Note 2 – Fund Accounting**

The accounts of the System are organized on a basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. The various funds are summarized by type in the financial statements and are

**Western Plains Library System**  
**Clinton, Oklahoma**  
**Notes to Financial Statements**  
**Year Ended June 30, 2019**

classified as governmental, proprietary, and fiduciary fund types. The following fund types are used by the System.

**Governmental Fund Types**

General Fund – The general fund is the primary operating fund of the System. It is used to account for all financial resources except those required to be accounted for in another fund. All general operating revenues not restricted as to use are recorded in the general fund.

Special Revenue Funds – Special revenue funds are used to account for the proceeds of specific revenue resources that are legally or administratively restricted to expenditures for specific purposes. The System’s current special revenue funds include:

- a. Memorial Fund
- b. Friends of the Library Fund

According to GASB 54, fund balances in the Governmental Funds are to be properly reported within one of the fund balance categories below:

1. Nonspendable – Nonspendable funds are associated with inventories, prepaid assets, and long-term receivables.
2. Restricted – Restricted funds are associated with amounts that only can be spent for specific purposes as stipulated by the bylaws, granting agencies, or enabling legislation.
3. Committed – Committed funds are associated with amounts that only can be spent for specific purposes as determined by a formal action of the Board of Trustees.
4. Assigned – Assigned funds are associated with amounts that can be spent for specific purposes but do not meet the criteria to be classified as restricted or committed.
5. Unassigned – An unassigned fund is the residual classification for the System’s general fund and includes all spendable amounts not contained in the other classifications.

**Proprietary Fund Types**

Enterprise Fund – The enterprise fund is used to account for operations that are financed and operated in a manner similar to private business enterprises.

Fund balances in the Proprietary Funds are to be properly reported within one of the fund balance categories listed below:



# Western Plains Library System

Clinton, Oklahoma

Notes to Financial Statements

Year Ended June 30, 2019

1. Invested in Capital Assets, Net of Related Debt – These funds are associated with capital assets minus any notes payable.
2. Restricted – Restricted funds are associated with amounts that only can be spent for specific purposes.
3. Unrestricted – An unrestricted fund is the residual classification for the System's enterprise fund and includes all amounts not contained in the other classifications.

### Note 3 – Budgetary Accounting

The System's budgetary accounting procedures are discussed in the notes to the required supplementary information.

### Note 4 – Cash and Cash Equivalents

Cash and cash equivalents include the following accounts:

General Fund	
MidFirst Bank-Investment	\$ 1,481,084
Bank of Cordell Childrens Trust	48,903
MidFirst Bank-Sales Acct	15,108
Oklahoma Bank and Trust	10,587
MidFirst Bank-Checking	1,851
Petty Cash	50
Memorial Fund	
Oklahoma Bank and Trust	8,147
Friends of The Library Fund	
First Bank and Trust	11,512
	<u>\$ 1,577,242</u>

The cash on deposit with MidFirst Bank of Weatherford, Oklahoma, is not only covered by FDIC insurance (up to \$250,000) but also a collateral pledge of \$2,000,000 to cover deposits in excess of the FDIC coverage. The cash on deposit with Bank of Cordell and Oklahoma Bank and Trust is also covered by FDIC insurance (up to \$250,000).

The System's cash, deposits, and investments are classified in the following categories:

**Western Plains Library System**  
**Clinton, Oklahoma**  
**Notes to Financial Statements**  
**Year Ended June 30, 2019**

- A. Insured or collateralized with securities held by the entity or by its agent in the entity's name.
- B. Collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name.
- C. Uncollateralized.

	A	B	C	Total
Cash	\$ 1,577,192	\$ 0	\$ 50	\$ 1,577,242

**Note 5 – Investments**

The System invests \$50,815 in a Certificate of Deposit at the Security State Bank in Cheyenne, Oklahoma. The interest rate on this investment is 1.45%. The interest pays quarterly. The maturity date is July 18, 2019.

**Note 6 – Ad Valorem Taxes Receivable**

Roger Mills County, Dewey County, Custer County and Washita County owe the System outstanding ad valorem taxes. Several major industries in the counties claim an ad valorem manufacturer exemption. The State of Oklahoma will reimburse the counties for the industries that claim this exemption. The counties have a policy of not passing along the ad valorem taxes for these industries until they receive the money from the State. The counties expect to be able to pass the 2017/2018 funds to the System in the 2018/2019 fiscal year.

**Note 7 – Prepaid Assets**

Prepaid assets include the unamortized portion of the annual expense for the following:

Prepaid Automation	\$ 30,141
Prepaid Insurance	18,670
Prepaid Subscriptions	299
	\$ 49,110

**Western Plains Library System**  
**Clinton, Oklahoma**  
**Notes to Financial Statements**  
**Year Ended June 30, 2019**

**Note 8 – Fixed Assets**

All capital assets acquired prior to June 30, 2004 were considered to be fully depreciated. All fixed assets acquired before June 30, 2004 were valued at historical cost or estimated historical cost if actual historical cost was not available. Amounts were recorded for fixed asset purchases, for control purposes, with a corresponding amount recorded in the accumulated depreciation account. Donated assets were valued at their estimated fair market value as of the date donated. The System has adopted a capitalization policy of not recording, for depreciation purposes, items costing less than \$500 per unit.

Current year changes in fixed assets were as follows:

	Property, Plant and Equipment	Accumulated Depreciation
Balance as of 07/01/2017	\$ 2,296,891	\$ 940,396
Additions	59,190	123,658
Disposals	(17,041)	(17,041)
Balance as of 06/30/2018	<u>\$ 2,339,040</u>	<u>\$ 1,047,013</u>

**Note 9 – Accrued Payroll and Compensated Absences**

The System accrues a payroll liability and a liability for vacation pay or other compensated absences. The cost is recognized when a claim is made for the accrued compensation by the employee. The amount of earned unpaid compensated absences liability at June 30, 2019 was approximately \$62,980.

**Note 10 – Assigned Fund Balance**

The Executive Director has set aside a portion of the fund balance for replacement reserve accounts. The assigned fund balances for these purposes as of June 30, 2019 were as follows:

Vehicle Replacement	\$ 230,000
Computer Reserve	\$ 100,000
Building Maintenance	\$ 50,000
Author Visits	\$ 40,000
Remodeling	\$ 40,000

These restrictions are imposed by the Executive Director only; consequently, the restrictions may be rescinded by action of the Board.

**Western Plains Library System**  
**Clinton, Oklahoma**  
**Notes to Financial Statements**  
**Year Ended June 30, 2019**

**Note 11 – Committed Fund Balance**

The governing board has implemented a new cash management policy that commits 3 months of operating expenses. The committed fund balance for this purpose as of June 30, 2019 was \$521,610.

This policy was implemented by the Board of Trustees action only; consequently, the policy may be rescinded by action of the Board.

**Note 12 – Tax Revenues**

Approximately 90.66% of the total revenue of the library system for the current year was received from ad valorem taxes from a special tax levy voted by the citizens of Custer, Dewey, Roger Mills, and Washita counties. Approximately 63.34% of the ad valorem tax revenues were received in January and February 2019.

<u>Ad Valorem Tax Revenue</u>	
Custer County	\$ 1,106,254
Dewey County	503,221
Roger Mills County	394,676
Washita County	341,847
	<u>\$ \$2,345,998</u>

**Note 13 – Insurance Coverage**

The System maintains the following insurance coverage as protection against possible loss contingencies:

- Commercial Automobile Coverage
  - Liability
  - Uninsured Motorists
  - Comprehensive and Collision
- Commercial Package
- Employment Practices Liability
- Workers Compensation
- Employer Liability
- Position Fidelity Bond

**Western Plains Library System**  
**Clinton, Oklahoma**  
**Notes to Financial Statements**  
**Year Ended June 30, 2019**

**Note 14 – Grant Revenues**

Following is a summary of the grant receipts and disbursements during the year:

	Grant Receipts	Grant Expenditures
Childrens Reading Charitable Trust	\$ 0	\$ 66,399
Rural Gateways Grant	1,500	1,150
Total	\$ 1,500	\$ 67,549

**Note 15 – Retirement Plan**

In January 2016, the System approved and adopted a 401(a) qualified retirement plan (the Plan) and engaged the services of Nationwide Trust Company, Waddell and Reed, and Pension Solutions, Inc. to support the implementation and administration of the Plan.

The Plan is a defined contribution plan and participation is mandatory for all eligible employees. To become eligible for participation, an employee must have completed one year of service, have reached age 18, and be in an eligible job title. Currently, the employee must choose between 4% - 6% of gross wages contributed to the plan, but can choose a higher percentage. WPLS will match up to 6% of the employee contribution.

Administrative costs for the retirement plan totaled \$1,888 and were charged to current year operating expense.

The System has included the retirement plan in their strategic plan for 2018-2020. They plan to increase the library match. Currently it is a 6% match. They would like to implement a 7% match starting on July 1, 2018, an 8% match on July 1, 2019 and a 10% match on July 1, 2020.

Total retirement costs for the current year and the previous two years.

	6/30/2019	6/30/2018	6/30/2017
Employer Contributions	\$ 53,614	\$ 42,310	\$ 38,840
Employee Contributions	67,290	52,997	42,153
Total	\$ 120,904	\$ 95,307	\$ 80,993

**Western Plains Library System**  
**Clinton, Oklahoma**  
**Notes to Financial Statements**  
**Year Ended June 30, 2019**

**Note 16 – Related Party Transactions**

The cities of Clinton, Weatherford, Thomas, Seiling, Cheyenne, Cordell, and Sentinel, Oklahoma, provide financial support to the Western Plains Library System by furnishing buildings and building operating expenses, including utilities and building and contents insurance, for the operation of the library. The System is dependent upon this related party support as part of its operational costs.

**Note 17 – Contingencies**

In the normal course of operations, the System disburses funds from numerous federal and state grant programs. These expenditures are subject to audit and approval by the grantors or their representatives. Such audits could lead to claims for reimbursement of expenditures deemed unallowable under the terms of the grants. Presently, management is unaware of any liability for such expenditures, and in the opinion of management, any such amounts would not be considered material.

**Note 18 – Subsequent Events**

Subsequent events were evaluated through August 29, 2019, which is the date the financial statements were available to be issued.



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

Board of Trustees  
Western Plains Library System  
Clinton, 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 business-type activities and the aggregate remaining fund information of the Western Plains Library System, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Western Plains Library System's basic financial statements, and have issued our report thereon dated August 29, 2019.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Western Plains Library System'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 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.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Western Plains Library 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 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.

*Furrh & Associates, PC*  
FURRH & ASSOCIATES, PC  
Lawton, Oklahoma  
August 29, 2019



**Western Plains Library System**  
**Clinton, Oklahoma**  
**General Fund**  
**Statement of Revenue, Expenditures, and Changes in Fund Balance**  
**Budget and Actual**  
**Year Ended June 30, 2019**

	<u>Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b><u>Revenue</u></b>			
Ad Valorem Taxes	\$ 2,125,000	\$ 2,345,997	\$ 220,997
State Aid	35,000	39,331	4,331
Branch Library Income	16,000	17,884	1,884
Interest Income	6,000	8,594	2,594
Collection Agency Income	750	1,014	264
Miscellaneous Income	500	7,004	6,504
Miscellaneous Income	0	1,500	1,500
Total Revenue	2,183,250	2,421,324	238,074
<b><u>Expenditures</u></b>			
Personnel Services			
Salaries and Wages	\$ 1,030,000	\$ 1,021,473	\$ 8,527
Employee Insurance & Retirement	235,500	228,001	7,499
Payroll Taxes	86,500	81,375	5,125
Substitute Travel	0	157	(157)
Total Personnel Services	1,352,000	1,331,006	20,994
Informational Materials			
Books - Print	105,000	131,424	(26,424)
Downloadables	70,000	75,335	(5,335)
Databases	36,000	33,500	2,500
Audio Books	20,000	15,778	4,222
DVDs	17,500	16,829	671
Magazines/Newspapers	9,750	10,608	(858)
Vendor Processing	4,000	1,795	2,205
Microfilm	1,000	250	750
Total Informational Materials	263,250	285,519	(22,269)
Public and Technical Services			
Programming Fees, Supplies & Travel	32,500	96,132	(63,632)
IT Services	13,500	13,332	168
Technical Services	12,500	10,946	1,554
Total Public and Technical Services	58,500	120,410	(61,910)

Please see accompanying notes to the financial statements.

**Western Plains Library System**  
**Clinton, Oklahoma**  
**General Fund**  
**Statement of Revenue, Expenditures, and Changes in Fund Balance**  
**Budget and Actual**  
**Year Ended June 30, 2019**

	<u>Final</u>	<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
Operating Expenses			
Automation	\$ 42,000	\$ 43,262	\$ (1,262)
Insurance	40,000	38,429	1,571
Internet Access	39,500	41,360	(1,860)
Professional Development	38,000	34,170	3,830
Building Maintenance	36,000	34,863	1,137
Marketing	35,000	34,868	132
Staff Development	31,500	20,879	10,621
Professional Consulting	31,000	37,254	(6,254)
Vehicle Expense	22,000	22,762	(762)
Utilities	21,500	19,919	1,581
Equipment Expense	20,000	16,237	3,763
Contingency Expense	17,000	16,618	382
Supplies	15,000	10,624	4,376
Postage and Freight	12,000	9,399	2,601
Computer	10,000	9,853	147
Travel	10,000	9,096	904
Furniture Expense	7,000	4,247	2,753
Human Resources Expense	4,500	4,341	159
Collection Agency Expense	4,500	2,909	1,591
Miscellaneous Expense	2,500	4,346	(1,846)
Rent Expense	1,750	1,747	3
Banking Service Fees	500	515	(15)
Grant Expenditures	0	67,549	(67,549)
Capital Outlay	0	59,190	(59,190)
Total Operating Expenses	<u>441,250</u>	<u>544,437</u>	<u>(103,187)</u>
Total Expenditures	<u>2,115,000</u>	<u>2,281,372</u>	<u>(166,372)</u>
<u>Revenue Over (Under) Expenditures</u>	<u>\$ 68,250</u>	<u>\$ 139,952</u>	<u>\$ 71,702</u>
<u>Fund Balance, June 30, 2018</u>	<u>1,690,615</u>	<u>1,646,135</u>	
<u>Fund Balance, June 30, 2019</u>	<u>\$ 1,758,865</u>	<u>\$ 1,786,087</u>	

Please see accompanying notes to the financial statements.

**Western Plains Library System**  
**Clinton, Oklahoma**  
**Notes to Required Supplemental Information**  
**Year Ended June 30, 2019**

**Note 1 - Budgetary Policies**

The System's annual operating budget represents appropriations authorized by the governing board and approved by the county governments in accordance with the Oklahoma Statutes.

The System's General Fund budget is limited by law to 90% of the amount of revenue collected in the prior fiscal year plus unreserved fund balances. The legal level of control is the expenditure category. It is the System's policy that all appropriations lapse at the end of the fiscal year.

The System prepares an annual operating budget for its General Fund. The System does not prepare an operating budget for its Special Revenue Funds. Specific grant funds operated within the General Fund and the Special Revenue Funds are operated under budgets required by the grant documents. The System prepares its annual operating budget on the accrual basis of accounting.

**Western Plains Library System**  
**Clinton, Oklahoma**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2019**

	<u>Memorial Fund</u>	<u>Friends of the Library Fund</u>	<u>Total</u>
<b><u>Assets</u></b>			
Cash and Cash Equivalents	\$ 8,147	\$ 11,512	\$ 19,659
Total Assets	<u>\$ 8,147</u>	<u>\$ 11,512</u>	<u>\$ 19,659</u>
<b><u>Liabilities and Fund Balance</u></b>			
Due to WPLS	\$ 0	\$ 0	\$ 0
Total Liabilities	0	0	0
Fund Balance			
Assigned	\$ 0	\$ 0	\$ 0
Unassigned	<u>8,147</u>	<u>11,512</u>	<u>19,659</u>
Total Liabilities and Fund Balance	<u>\$ 8,147</u>	<u>\$ 11,512</u>	<u>\$ 19,659</u>

Please see accompanying notes to the financial statements.

**Western Plains Library System**  
**Clinton, Oklahoma**  
**Combining Statement of Revenue, Expenditures, and Changes in Fund Balance**  
**Nonmajor Governmental Funds**  
**Year Ended June 30, 2019**

<u>Revenue</u>	<u>Memorial Fund</u>	<u>Friends of the Library Fund</u>	<u>Total</u>
Donations and Fund Raising	\$ 2,405	\$ 2,550	\$ 4,955
Interest Income	40	0	40
 Total Revenue	 2,445	 2,550	 4,995
 <u>Expenditures</u>			
Books and Supplies	1,274	0	1,274
Bank Service Charges	0	30	30
 Total Expenditures	 1,274	 30	 1,304
 <u>Revenue Over (Under) Expenditures</u>	 1,171	 2,520	 3,691
 <u>Fund Balance, June 30, 2018</u>	 6,976	 8,992	 15,968
 <u>Fund Balance, June 30, 2019</u>	 \$ 8,147	 \$ 11,512	 \$ 19,659

Please see accompanying notes to the financial statements.

**Western Plains Library System**  
**Clinton, Oklahoma**  
**Children's Reading Charitable Trust Grant**  
**Revenue and Expenditures Compared with Budget**  
**Year Ended June 30, 2019**

	<u>Budget</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>Total</u>	<u>(Over) Under Budget</u>
<u>Revenue</u>					
Grant Funds	\$ 251,000	\$ 251,000	\$ 0	\$ 251,000	\$ 0
Total Revenue	251,000	251,000	0	251,000	0
<u>Expenditures</u>					
Children's Programs	251,000	184,601	66,399	251,000	0
Total Expenditures	251,000	184,601	66,399	251,000	0
<u>Revenue Over (Under) Expenditures</u>	<u>\$ 0</u>	<u>\$ 66,399</u>	<u>\$ (66,399)</u>	<u>\$ 0</u>	<u>\$ 0</u>

Contract Period: 07/01/2015 - 06/30/2019

Please see accompanying notes to the financial statements.

**Western Plains Library System**  
**Clinton, Oklahoma**  
**Rural Gateways Grant**  
**Revenue and Expenditures Compared with Budget**  
**Year Ended June 30, 2019**

<u>Revenue</u>	<u>Budget</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>Total</u>	<u>(Over) Under Budget</u>
Grant Funds	\$ 3,500	\$ 2,000	\$ 1,500	\$ 3,500	\$ 0
Total Revenue	3,500	2,000	1,500	3,500	0
<u>Expenditures</u>					
Programming	3,500	2,350	1,150	3,500	0
Total Expenditures	3,500	2,350	1,150	3,500	0
<u>Revenue Over (Under) Expenditures</u>	<u>\$ 0</u>	<u>\$ (350)</u>	<u>\$ 350</u>	<u>\$ 0</u>	<u>\$ 0</u>

Contract Period: 03/01/2016 - 09/30/2020

Please see accompanying notes to the financial statements.