

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

JUNE 30, 2021

BY



Western Plains Library System
Clinton, Oklahoma
Year Ended June 30, 2021

Table of Contents

	<u>Page</u>
<u>MANAGEMENT’S DISCUSSION AND ANALYSIS</u>	A-1 – A-12
<u>INDEPENDENT AUDITOR'S REPORT</u>	1 – 3
 <u>FINANCIAL STATEMENTS</u>	
<i>Government-Wide Financial Statements:</i>	
Statement of Net Position	4
Statement of Activities.....	5
<i>Fund Financial Statements:</i>	
Balance Sheet – Governmental Funds	6 – 7
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds.....	8 – 9
Statement of Net Position – Enterprise Fund.....	10
Statement of Revenues, Expenses and Changes in Net Position – Enterprise Fund	11
Statement of Cash Flows – Enterprise Fund.....	12
Notes To Financial Statements	13 – 20
 <u>REQUIRED SUPPLEMENTARY INFORMATION</u>	
Independent Auditors Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	21 – 22
Statement of Revenue, Expenditures, and Changes in Fund Balance Actual vs. Budget – General Fund.....	23 – 24
Notes to Required Supplementary Information	25

Western Plains Library System
Clinton, Oklahoma
Year Ended June 30, 2021

Table of Contents

	<u>Page</u>
<u>SUPPLEMENTARY INFORMATION</u>	
Combining Balance Sheet – Nonmajor Governmental Funds	26
Combining Statement of Revenue, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds	27

Management Discussion & Analysis
Western Plains Library System
For the year ending June 30, 2021

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 21, WPLS serves 7,595 registered borrowers.

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 multicounty library systems in Oklahoma is four mills.

Management Discussion & Analysis
Western Plains Library System
 For the year ending June 30, 2021

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, 2021:

<u>Board Member</u>	<u>Appointing Body</u>	<u>Board Position</u>
Kristi Eyster	City of Thomas	Chair
Colette Greene	City of Cordell	Vice-Chair
Beth Miller	Custer County Commissioners	Treasurer
Charlotte Betcher	Washita County Commissioners	Member
Rebecca Geiger	City of Weatherford	Member
Kathy Gilchrist	City of Seiling	Member
Darla Johnson	City of Clinton	Member
Janith Moore	Town of Cheyenne	Member
Barbara O'Neill	Roger Mills County Commissioners	Member
Bart Watkins	Dewey County Commissioners	Member
Position Vacant	Town of Sentinel	Member

Management Discussion & Analysis
Western Plains Library System
For the year ending June 30, 2021

Personnel

Paid employees for FY21 include twenty-six full-time staff members and twelve 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.

At the end of FY21, WPLS transitioned its staff leave system from a paid-time-off system to a leave system containing sick, vacation and bereavement leaves. This transition resulted in a slight increase in potential staff leave, but a lowered System liability for the cost of unused leave. Only vacation leave has value upon an employee's departure, so WPLS will be able to lower the taxpayer liability for unpaid staff leave by almost 50% immediately, and it will stay at this lower level moving forward.

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 eligible employee's 457. The System matches employee contributions, up to 10% of annual wages, in each eligible employee's 401(a). For employees not eligible for the System match, 457 deferrals are still available.

Management Discussion & Analysis
Western Plains Library System
 For the year ending June 30, 2021

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.

Circulation

Circulation for all of FY21 totaled 132,337. The chart below illustrates how digital circulation continues to steadily grow as a percentage of WPLS' total circulation.

Fiscal Year	Total Circulation	Digital Circulation	Digital as % of Total
2017	167,544	35,754	21.3%
2018	157,124	32,963	20.9%
2019	145,980	39,396	26.9%
2020	131,059	46,322	32.3%
2021	132,337	51,078	38.5%

Other library services have shown fluctuations over the last year. The COVID-19 pandemic hit in the later months of FY20, so only about 3 months of that FY were affected; FY 2021 was covered by the pandemic in its totality.

- Interlibrary Loan Requests 1,879, an 8.5% growth over FY 2020
- Public Computer Usage 38,750
- WiFi Usage 46,610

Management Discussion & Analysis
Western Plains Library System
 For the year ending June 30, 2021

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. In FY20, COVID-19 drastically changed the operations of the Programming Department, and those changes lasted over into most of FY21.

In the end, WPLS provided a high-quality experience for its customers that many of its larger sister institutions did not even attempt. Management will continue to support the imaginations of our staff in developing engaging enrichment for their individual communities. Virtual programming was done by staff and management during the majority of FY21, and take-home activities were distributed from the branches throughout most of the year. The latter half of FY21 saw a transition back to in-person programming, which resulted in a return to normalcy for the Summer Reading 2021 Program to much success.

Fiscal Year	SRP Attendance	SRP Programs	Total Attendance	Total Programs
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
2020	9,035	105	18,645	588

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.

- Cheyenne: Pioneer Days (Scavenger Hunt program)
- Clinton: Indian Health Resource Fair (Library Card Sign Ups)
 Career Day at CHS (Library Card Sign Ups)
- Cordell: Town-Wide Halloween (Scary Storytime and trick-or-treating)
- Sentinel: Outreach Programming in the Jr. High
- Thomas: Summer Movie in the Park
- Weatherford: SWOSU Organization Fair (Library Card Sign Ups)
 Route 66 Nights (Info Booth and Program)

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

Management Discussion & Analysis
Western Plains Library System
For the year ending June 30, 2021

Collections

Just over \$301,000 was spent in FY21 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 \$36,000 in FY21. 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 FY21, WPLS owns 153,749 items of all types. During FY21, 8,117 items were added to the WPLS collection and 13,219 were deleted.

WPLS had access rights to 26,051 digital items at the conclusion of FY21. During FY21, 9,594 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.

In FY20 we began curating the simultaneous use titles in our digital collection.

Management Discussion & Analysis
Western Plains Library System
For the year ending June 30, 2021

Financial Overview

FY21 Operating Income	\$2,452,497
FY21 Actual Operating Expenses	\$2,067,056
FY21 Capital Outlay	\$ 147,382
FY21 Total Expenses	\$2,214,438

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 \$2,395,529 in income for FY21.

Another source of WPLS' income is state aid administered by the Oklahoma Department of Libraries (ODL). For FY21, state aid was received for \$38,333. 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 under \$14,000, 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.

Two important sources of funding for WPLS that are not directly recorded in the budget are the Universal Service (E-Rate) and Oklahoma Universal Service (OUSF) discounts for internet and other eligible services. In FY21, the total of these two discounts was just under \$140,000. Without these discount programs, WPLS would not be able to maintain the current internet speed (1 gbs) and WAN configuration (300 mbs between sites).

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, 2021

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 replaced as a group at the end of FY21 with an anticipated useful life of three to 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 FY21 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. In FY21, new iPads were 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, 2021

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 FY21 were as follows:

- TLC Software Users Group Conference: 4 virtual attendees
- Oklahoma Library Association Conference: 14 attendees
- Mountain Plains Library Association Conference: 1 virtual attendee
- American Library Association (ALA) Conference: 0 attendees*

*Conference was virtual due to COVID-19

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, 2021

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 executes an annual contract with Wright Radio for regular advertising; the current contract includes 750 radio ads and 750 public service announcements on all three stations owned by Wright Radio. A newspaper contract was also signed in FY20 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 advertising contract exists.

Total paid ads by Month and Type:

	July	August	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	March	April	May	June
Print	0	11	9	9	9	7	18	16	8	4	22	25
Radio	0	40	40	90	45	45	50	50	0	0	90	300

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: Spook the Square
- 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, 2021

Capital Projects

A listing of FY21 capital projects by location is below:

Main Office:

- Replaced server storage device which supports all WPLS operations
- Upgraded controller for security cameras to support additional installed cameras
- Replaced a four-ton AC unit. This is the 2nd of three units to be replaced.
- Purchased seven new ipads for departmental heads use
- Purchased apple desktop system for use by Public Services Coordinator
- Ordered a professional conference table and chairs for System Board meeting use
- Replaced all 77 desktop computers across the System
- Purchased sixteen book carts for distribution across the System

Bookmobile:

- Replaced main generator
- Replaced compressor in rear ac unit

Cheyenne:

- Re-keyed entire library on a master key system
- Upgraded backup radio on fire alarm system
- Installed three external security cameras

Clinton:

- Paid ½ of fee to treat for bed buds at library. City paid the other ½

Cordell:

- Purchased circulation desk and replaced all public-use tables and chairs

Seiling

- Purchased new media cabinet for DVD/device storage

Thomas

- Purchased office furniture for library manager

Weatherford

- Ordered new exterior bookdrop

Management Discussion & Analysis
Western Plains Library System
For the year ending June 30, 2021

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 those deposits in the name of their group. Changes in banking laws do not allow for these Advisory Boards to bank in their own name; as their legal entity type is not easily discerned.

WPLS management is available to assist any Advisory Boards in formation of Oklahoma domestic not-for-profit corporations and federal 501c3 groups. Cheyenne received its 501c3 recognition in FY21. Clinton, Sentinel and Weatherford previously obtained 501c3 status. Thomas and Cordell filed for Oklahoma domestic not-for-profit status in FY21 and are considering 501c3 status. Seiling’s Advisory Board operates under the City of Seiling’s tax id number, an acceptable banking arrangement.

It is a goal of WPLS that eventually every branch 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 that meets current banking regulations is particularly critical when large-scale building projects are undertaken.

Director’s Statement

FY21 was continued to be challenging due to the COVID-19 global pandemic. I am exceptionally proud of my staff as WPLS continued to offer library services while many business and governmental institutions were closed. Traditional library usage indicators continued to lag due to the pandemic, but I believe WPLS as an institution became stronger during this period. The WPLS staff continued to pioneer new models of digital service and proved themselves flexible in a rapidly changing, highly-stressful working environment.

As I complete my eighth 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.

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



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 and the business-type activities of the Western Plains Library System, as of and for the year ended June 30, 2021, 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, 2021, 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-12 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund financial statements 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 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 11, 2021, 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 11, 2021

Western Plains Library System

Clinton, Oklahoma

Statement of Net Position

June 30, 2021

	<u>Governmental Activities</u>	<u>Enterprise Activities</u>	<u>Total</u>
<u>Current Assets</u>			
Cash and Cash Equivalents	\$ 2,000,425	\$ 24,217	\$ 2,024,642
Investments	51,649	0	51,649
Receivables From Library Boards	96	0	96
Ad Valorem Tax Receivable	295,616	0	295,616
Prepaid Assets	19,160	0	19,160
Inventory	0	846	846
	<hr/>	<hr/>	<hr/>
Total Current Assets	2,366,946	25,063	2,392,009
<u>Other Assets</u>			
Fixed Assets, Net of Accum Depr.	1,269,413	0	1,269,413
	<hr/>	<hr/>	<hr/>
Total Other Assets	1,269,413	0	1,269,413
	<hr/>	<hr/>	<hr/>
Total Assets	\$ 3,636,359	\$ 25,063	\$ 3,661,422
	<hr/>	<hr/>	<hr/>
<u>Liabilities</u>			
Accounts Payable	\$ 107,016	\$ 0	\$ 107,016
Unpaid Compensated Absences	56,311	0	56,311
Covid Credit Payable	12,319	0	12,319
	<hr/>	<hr/>	<hr/>
Total Liabilities	175,646	0	175,646
<u>Net Position</u>			
Invested in Capital Assets, Net of Debt	1,269,413	0	1,269,413
Restricted	0	25,063	25,063
Unrestricted	2,191,300	0	2,191,300
	<hr/>	<hr/>	<hr/>
Total Net Position	3,460,713	25,063	3,485,776
	<hr/>	<hr/>	<hr/>
Total Net Position and Liabilities	\$ 3,636,359	\$ 25,063	\$ 3,661,422
	<hr/>	<hr/>	<hr/>

Please see accompanying notes to the financial statements.

Western Plains Library System
Clinton, Oklahoma
Statement of Activities
Year Ended June 30, 2021

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets Primary Government		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total	Governmental Activities	Business Type Activities	Total
Primary Government							
Governmental Activities:							
Operating Expenses	\$ 493,443	\$ 0	\$ 0	\$ (479,681)	\$ (479,681)		\$ (479,681)
Personnel Services	1,340,647	0	0	(1,340,647)	(1,340,647)		(1,340,647)
Informational Materials	316,441	0	0	(316,441)	(316,441)		(316,441)
Public & Technical Services	79,132	0	0	(79,132)	(79,132)		(79,132)
Total Governmental Activities	2,229,663	0	0	(2,215,901)	(2,215,901)		(2,215,901)
Business Type Activities:							
Sales	146	0	0		\$ (57)		(57)
Total Business Type Activities	146	0	0				
Total Primary Government	\$ 2,229,809	\$ 0	\$ 0	\$ (57)	(2,215,901)	(57)	(2,215,958)
General Revenue							
Ad Valorem Tax				2,395,529		0	2,395,529
State Aid				38,333		0	38,333
Interest				3,064		0	3,064
Miscellaneous				1,075		0	1,075
Collection Income				828		0	828
Donations				2,920		0	2,920
Transfers				(2,786)		2,786	0
Total General Revenue				2,438,963		2,786	2,441,749
Change in Net Position				223,062		2,729	225,791
Net Position, June 30, 2020				3,237,651		22,334	3,259,985
Net Position, June 30, 2021				\$ 3,460,713		\$ 25,063	\$ 3,485,776

Please see accompanying notes to the financial statements.

Western Plains Library System

Clinton, Oklahoma

Balance Sheet

Governmental Funds

June 30, 2021

	<u>General</u> <u>Fund</u>	<u>Nonmajor</u> <u>Governmental</u> <u>Funds</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
<u>Assets</u>			
Petty Cash	\$ 88	\$ 0	\$ 88
Cash - Mid First Bank	1,571,061	0	1,571,061
Cash - Interbank	212,803	0	212,803
Cash - Bank of Cordell	143,720	0	143,720
Cash - OK Bank and Trust	61,893	6,918	68,811
Cash - First National Checking	0	3,942	3,942
CD - Security State	51,649	0	51,649
Receivable From Library Boards	96	0	96
Ad Valorem Tax Receivable	295,616	0	295,616
Prepaid Assets	19,160	0	19,160
Fixed Assets	2,503,915	0	2,503,915
Accumulated Depreciation	(2,503,915)	0	(2,503,915)
Total Assets	<u>\$ 2,356,086</u>	<u>\$ 10,860</u>	<u>\$ 2,366,946</u>
<u>Liabilities</u>			
Accounts Payable	\$ 107,016	\$ 0	\$ 107,016
Compensated Absences Liability	56,311	0	56,311
Covid Credit Payable	12,319	0	12,319
Total Liabilities	<u>175,646</u>	<u>0</u>	<u>175,646</u>
<u>Fund Balance</u>			
Nonspendable	19,160	0	19,160
Restricted	0	0	0
Committed	553,624	0	553,624
Assigned	675,000	0	675,000
Unassigned	932,656	10,860	943,516
Total Fund Balance	<u>2,180,440</u>	<u>10,860</u>	<u>2,191,300</u>
Total Liabilities and Fund Balance	<u>\$ 2,356,086</u>	<u>\$ 10,860</u>	

Please see accompanying notes to the financial statements.

Western Plains Library System
Clinton, Oklahoma
Balance Sheet
Governmental Funds
June 30, 2021

Fund Balances	\$ 2,191,300
Amounts Reported for Governmental Activities in the Statement of Net Position are different because:	
Capital Assets Used by Governmental Activities of \$2,503,915 Net of Accumulated Depreciation of \$1,234,502 are not financial resources and, therefore, are not reported in the funds.	<u>1,269,413</u>
Net Position of Governmental Activities	<u><u>\$ 3,460,713</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, 2021

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Revenue</u>			
Ad Valorem Tax Revenue	\$ 2,395,529	\$ 0	\$ 2,395,529
State Aid	38,333	0	38,333
Branch Library Income	13,762	0	13,762
Donations and Fundraising	0	2,920	2,920
Interest Income	3,045	19	3,064
Miscellaneous Revenue	1,075	0	1,075
Collection Income	828	0	828
Total Revenue	<u>2,452,572</u>	<u>2,939</u>	<u>2,455,511</u>
<u>Expenditures</u>			
Personnel Services			
Salaries and Wages	996,865	0	996,865
Employee Insurance	174,655	0	174,655
Retirement Costs	86,555	0	86,555
Payroll Taxes	82,572	0	82,572
Total Personnel Services	<u>1,340,647</u>	<u>0</u>	<u>1,340,647</u>
Informational Materials			
Books - Print	106,447	15,187	121,634
Downloadables	97,767	0	97,767
Databases	35,786	0	35,786
Audio Books	23,306	0	23,306
DVDs	19,082	0	19,082
Magazines/Newspapers	10,583	0	10,583
Other Information Materials	5,050	0	5,050
Vendor Processing	2,438	0	2,438
Microfilm	795	0	795
Total Informational Materials	<u>301,254</u>	<u>15,187</u>	<u>316,441</u>
Public and Technical Services			
Programming Fees, Supplies & Travel	37,658	0	37,658
IT Services	31,572	0	31,572
Technical Services	9,902	0	9,902
Total Public & Technical Services	<u>79,132</u>	<u>0</u>	<u>79,132</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, 2021

<u>Expenditures (cont.)</u>	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Operating Expenses			
Capital Outlay (Depreciation)	\$ 147,382	\$ 0	\$ 147,382
Automation	42,806	0	42,806
Marketing	42,048	0	42,048
Building Maintenance	38,984	0	38,984
Insurance	32,370	0	32,370
Professional Consulting	29,906	0	29,906
Utilities	27,098	0	27,098
Equipment Expense	21,364	0	21,364
Contingency Expense	16,518	0	16,518
Vehicle Expense	16,004	0	16,004
Internet Access	14,957	0	14,957
Supplies	13,411	0	13,411
Computer Expense	13,178	0	13,178
Postage and Freight	8,828	0	8,828
Staff Development	6,271	0	6,271
Human Resources Expense	6,267	0	6,267
Professional Development	3,747	0	3,747
Miscellaneous Expense	3,699	0	3,699
Travel	3,367	0	3,367
Furniture Expense	3,225	0	3,225
Collection Agency	2,300	0	2,300
Rent Expense	1,944	0	1,944
Banking Service Fees	517	38	555
Total Operating Expenses	496,191	38	496,229
Total Expenditures	2,217,224	15,225	2,232,449
Revenue Over (Under) Expenditures	235,348	(12,286)	223,062
Fund Balance, June 30, 2020	1,945,092	23,146	1,968,238
Fund Balance, June 30, 2021	\$ 2,180,440	\$ 10,860	\$ 2,191,300

Please see accompanying notes to the financial statements.

Western Plains Library System
Clinton, Oklahoma
Enterprise Fund
Statement of Net Position
Year Ended June 30, 2021

<u>Assets</u>		
Current Assets:		
Cash - MidFirst Bank, Weatherford	\$	24,217
Inventory		846
Total Current Assets	\$	25,063
Noncurrent Assets:		
Capital Assets		0
Accumulated Depreciation		0
Total Noncurrent Assets		0
Total Assets	\$	25,063
 <u>Liabilities</u>		
Unearned Revenue	\$	0
Total Liabilities	\$	0
 <u>Net Position</u>		
Restricted		25,063
Total Net Position		25,063
Total Liabilities and Net Position	\$	25,063

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, 2021

<u>Operating Revenue</u>	
Sales	\$ 89
<u>Operating Expense</u>	
Cost of Inventory	<u>146</u>
Net Operating Income (Loss)	(57)
<u>Nonoperating Revenue (Expense)</u>	
Transfers from Western Plains	<u>2,786</u>
Net Nonoperating Revenue (Expense)	2,786
Net Revenue (Loss)	2,729
Total Net Position, June 30, 2020	<u>22,334</u>
Total Net Position, June 30, 2021	<u><u>\$ 25,063</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, 2021

Cash Flows from Operating Activities

Receipts from Customers	\$ 89
Payments to Suppliers	(146)
	(57)
Net Cash Provided (Used) by Operating Activities	(57)

Cash Flows from Noncapital Financing Activities

Transfers from Western Plains	2,786
	2,786
Net Cash Provided (Used) by Noncapital Financing Activities	2,786

Cash Flows from Capital and Related Financing Activities

Capital Assets Purchased	0
Capital Assets Sold	0
	0
Net Cash Provided (Used) by Capital and Related Financing Activities	0

Cash Flows from Investing Activities

Interest Income	0
	0
Net Cash Provided (Used) by Investing Activities	0

Net Increase (Decrease) in Cash and Cash Equivalents	2,729
Cash and Cash Equivalents - June 30, 2020	21,488
	21,488
Cash and Cash Equivalents - June 30, 2021	\$ 24,217
	24,217

Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities

Operating Income (Loss)	\$ (57)
Adjustments to Reconcile Operating Income (Loss) to Cash Provided by Operating Activities	
Decrease in Inventory	0
	0
Net Cash Provided (Used) by Operating Activities	\$ (57)
	(57)

Please see accompanying notes to the financial statements.

Western Plains Library System
Clinton, Oklahoma
Notes to Financial Statements
Year Ended June 30, 2021

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.

Western Plains Library System
Clinton, Oklahoma
Notes to Financial Statements
Year Ended June 30, 2021

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 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.

Western Plains Library System
Clinton, Oklahoma
Notes to Financial Statements
Year Ended June 30, 2021

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:

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 as of June 30, 2021 include the following accounts:

General Fund	
MidFirst Bank-Investment	\$ 1,566,061
Interbank	212,803
Bank of Cordell Childrens Trust	143,720
Oklahoma Bank and Trust	61,893
MidFirst Bank-Checking	5,000
Petty Cash	88
Enterprise Fund	
MidFirst Bank-Sales Acct	24,217
Memorial Fund	
Oklahoma Bank and Trust	6,918
Friends of The Library Fund	
First Bank and Trust	3,942
	\$ 2,024,642

Western Plains Library System
Clinton, Oklahoma
Notes to Financial Statements
Year Ended June 30, 2021

The cash on deposit with MidFirst Bank of Weatherford, Oklahoma, is not only covered by FDIC insurance (up to \$250,000) but also collateral pledges of up to \$1,850,000 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:

- 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	\$ 2,024,554	\$ 0	\$ 88	\$ 2,024,642

Note 5 – Investments

The System invests \$51,649 in a Certificate of Deposit at the Security State Bank in Cheyenne, Oklahoma. The interest rate on this investment is 0.50%. The interest pays quarterly. The maturity date is July 18, 2021.

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 2020/2021 funds to the System in the 2021/2022 fiscal year.

Western Plains Library System
Clinton, Oklahoma
Notes to Financial Statements
Year Ended June 30, 2021

Note 7 – Prepaid Assets

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

Prepaid Insurance	\$	13,580
Prepaid Automation		5,282
Prepaid Subscriptions		298
		19,160
	\$	19,160

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 07/01/2020	\$ 2,392,451	\$ 1,123,038
Additions	147,383	147,383
Disposals	(35,919)	(35,919)
Balance as of 06/30/2021	\$ 2,503,915	\$ 1,234,502

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, 2021 was approximately \$56,311.

Western Plains Library System
Clinton, Oklahoma
Notes to Financial Statements
Year Ended June 30, 2021

Note 10 – Covid Credit Payable

The System claimed COVID-19 employer credits on the employer's quarterly federal tax returns during the fiscal year ending June 30, 2021. Since the System is not considered an eligible government employer, the IRS disallowed the System to claim those credits. This adjustment changed the System's employment tax liability and the amount of tax due on the employer's quarterly federal tax returns.

The corresponding liability in the total amount of \$12,319 will need to be paid back to the IRS during the fiscal year ending June 30, 2022.

Note 11 – 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, 2021 were as follows:

Vehicle Replacement	\$ 350,000
Computer Reserve	\$ 125,000
Building Maintenance	\$ 50,000
Author Visits	\$ 150,000

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

Note 12 – 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, 2021 was \$553,624.

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

Western Plains Library System
Clinton, Oklahoma
Notes to Financial Statements
Year Ended June 30, 2021

Note 13 – Tax Revenues

Approximately 97.5% 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 60.8% of the ad valorem tax revenues were received in January and February 2021.

Ad Valorem Tax Revenue	
Custer County	\$ 1,190,970
Dewey County	580,494
Roger Mills County	329,990
Washita County	294,075
	\$ \$2,395,529

Note 14 – 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
- Inland Marina
- Position Fidelity Bond

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, 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.

Western Plains Library System
Clinton, Oklahoma
Notes to Financial Statements
Year Ended June 30, 2021

Administrative costs for the retirement plan totaled \$1,861 and were charged to current year operating expense.

The library match was increased from previously 8% to 10% starting December 2020.

Total retirement costs for the current year and the previous two years were as follows:

	6/30/2021	6/30/2020	6/30/2019
Employer Contributions	\$ 79,312	\$ 67,560	\$ 53,614
Employee Contributions	85,334	76,712	67,290
Total	\$ 164,646	\$ 144,272	\$ 120,904

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 used to disburse funds from numerous federal and state grant programs in previous years. 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

Windmill farms, located in Roger Mills County, Dewey County, Custer County and Washita County, are continuing to protest their assessed values. If those protests get approved, this will impact the income for the fiscal year ending June 30, 2022. The System has not budgeted for any of the funds under protest. Any revenue received from these protests would be a surplus.

Subsequent events were evaluated through August 11, 2021, which is the date the financial statements were available to be issued.



**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
501 S 28th Street
Clinton, Oklahoma 73601

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, 2021, 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 11, 2021.

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 & **A**SSOCIATES, PC

Lawton, Oklahoma

August 11, 2021

Western Plains Library System
Clinton, Oklahoma
General Fund
Statement of Revenue, Expenditures, and Changes in Fund Balance
Budget and Actual
Year Ended June 30, 2021

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance with</u>
	<u>Amounts</u>	<u>Amounts</u>	<u>Final Budget</u>
			<u>Positive</u>
			<u>(Negative)</u>
<u>Revenue</u>			
Ad Valorem Taxes	\$ 2,200,000	\$ 2,395,529	\$ 195,529
State Aid	38,000	38,333	333
Branch Library Income	12,000	13,762	1,762
Interest Income	4,000	3,045	(955)
Miscellaneous Income	500	1,075	575
Collection Agency Income	750	828	78
Total Revenue	2,255,250	2,452,572	197,322
<u>Expenditures</u>			
Personnel Services			
Salaries and Wages	\$ 1,040,000	\$ 996,865	\$ 43,135
Employee Insurance & Retirement	265,000	261,210	3,790
Payroll Taxes	93,000	82,572	10,428
Total Personnel Services	1,398,000	1,340,647	57,353
Informational Materials			
Books - Print	115,000	106,447	8,553
Downloadables	90,000	97,767	(7,767)
Databases	36,000	35,786	214
Audio Books	25,000	23,306	1,694
DVDs	20,000	19,082	918
Magazines/Newspapers	11,500	10,583	917
Vendor Processing	4,000	2,438	1,562
Microfilm	1,000	795	205
Other Information Materials	0	5,050	(5,050)
Total Informational Materials	302,500	301,254	1,246
Public and Technical Services			
Programming Fees, Supplies & Travel	40,000	37,658	2,342
IT Services	32,000	31,572	428
Technical Services	13,000	9,902	3,098
Total Public and Technical Services	85,000	79,132	5,868

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, 2021

	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
Operating Expenses			
Automation	\$ 50,000	\$ 42,806	\$ 7,194
Marketing	40,000	42,048	(2,048)
Building Maintenance	40,000	38,984	1,016
Professional Consulting	35,000	29,906	5,094
Insurance	32,500	32,370	130
Utilities	28,000	27,098	902
Equipment Expense	24,000	21,364	2,636
Contingency Expense	17,000	16,518	482
Vehicle Expense	16,000	16,004	(4)
Internet Access	15,000	14,957	43
Supplies	15,000	13,411	1,589
Postage and Freight	12,000	8,828	3,172
Professional Development	12,000	3,747	8,253
Computer	10,000	13,178	(3,178)
Furniture Expense	10,000	3,225	6,775
Staff Development	7,000	6,271	729
Human Resources Expense	6,500	6,267	233
Collection Agency Expense	5,000	2,300	2,700
Travel	4,000	3,367	633
Miscellaneous Expense	2,500	3,699	(1,199)
Rent Expense	2,000	1,944	56
Banking Service Fees	500	517	(17)
Capital Outlay	0	147,382	(147,382)
Total Operating Expenses	<u>384,000</u>	<u>496,191</u>	<u>(112,191)</u>
Total Expenditures	<u>2,169,500</u>	<u>2,217,224</u>	<u>(47,724)</u>
<u>Revenue Over (Under) Expenditures</u>	<u>\$ 85,750</u>	<u>\$ 235,348</u>	<u>\$ 149,598</u>
<u>Fund Balance, June 30, 2020</u>	<u>1,945,092</u>	<u>1,945,092</u>	
<u>Fund Balance, June 30, 2021</u>	<u>\$ 2,030,842</u>	<u>\$ 2,180,440</u>	

Please see accompanying notes to the financial statements.

Western Plains Library System
Clinton, Oklahoma
Notes to Required Supplemental Information
Year Ended June 30, 2021

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, 2021

	Memorial Fund	Friends of the Library Fund	Total
<u>Assets</u>			
Cash and Cash Equivalents	\$ 6,918	\$ 3,942	\$ 10,860
Total Assets	\$ 6,918	\$ 3,942	\$ 10,860
<u>Liabilities and Fund Balance</u>			
Due to WPLS	\$ 0	\$ 0	\$ 0
Total Liabilities	0	0	0
Fund Balance			
Assigned	0	0	0
Unassigned	6,918	3,942	10,860
Total Liabilities and Fund Balance	\$ 6,918	\$ 3,942	\$ 10,860

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, 2021

<u>Revenue</u>	<u>Memorial Fund</u>	<u>Friends of the Library Fund</u>	<u>Total</u>
Donations and Fundraising	\$ 2,920	\$ 0	\$ 2,920
Interest Income	19	0	19
Total Revenue	2,939	0	2,939
 <u>Expenditures</u>			
Books and Supplies	3,300	11,887	15,187
Bank Service Charges	0	38	38
Total Expenditures	3,300	11,925	15,225
<u>Revenue Over (Under) Expenditures</u>	(361)	(11,925)	(12,286)
<u>Fund Balance, June 30, 2020</u>	<u>7,279</u>	<u>15,867</u>	<u>23,146</u>
<u>Fund Balance, June 30, 2021</u>	<u>\$ 6,918</u>	<u>\$ 3,942</u>	<u>\$ 10,860</u>

Please see accompanying notes to the financial statements.