

WESTERN PLAINS LIBRARY SYSTEM
ANNUAL FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED JUNE 30, 2023

BY



Western Plains Library System
Clinton, Oklahoma
Year Ended June 30, 2023

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Western Plains Library System
Clinton, Oklahoma

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Western Plains Library System, as of and for the year ended June 30, 2023, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Western Plains Library System, as of June 30, 2023, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Western Plains Library System and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Western Plains Library System's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Western Plains Library System's basic financial statements. The combining nonmajor governmental funds financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 governmental funds 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 September 6, 2023, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Western Plains Library System's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Western Plains Library System's internal control over financial reporting and compliance.

Furrh & Associates, PC

FURRH & ASSOCIATES, PC
Lawton, Oklahoma
September 6, 2023

Western Plains Library System
Clinton, Oklahoma
Management Discussion and Analysis
Year Ended June 30, 2023

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

Western Plains Library System (WPLS) serves approximately 47,556 citizens in the four-county area of Custer, Dewey, Roger Mills and Washita Counties. At the end of FY23, WPLS serves 8,412 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 multi-county library systems in Oklahoma is four mills.

Western Plains Library System
Clinton, Oklahoma
Management Discussion and Analysis
Year Ended June 30, 2023

Trustees

WPLS is governed by a Board of 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, 2023:

Board Member	Appointing Body	Board Position
Kristi Eyster	City of Thomas	Chair
Kathy Gilchrist	City of Seiling	Vice-Chair
Beth Miller	Custer County Commissioners	Treasurer
Ann Decker	Dewey County Commissioners	Member
Joe Hay	Roger Mills County Commissioners	Member
Charlotte Betcher	Washita County Commissioners	Member
Janith Moore	Town of Cheyenne	Member
Darla Johnson	City of Clinton	Member
Linda Jones	City of Cordell	Member
Kay Hagerman	City of Weatherford	Member
Position Vacant	Town of Sentinel	Member

Western Plains Library System
Clinton, Oklahoma
Management Discussion and Analysis
Year Ended June 30, 2023

Personnel

The WPLS staff in FY23 include twenty-three full-time staff members and eleven 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 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.

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. Only vacation leave has value upon an employee's departure.

During FY22, WPLS began providing employer-paid Short Term and Long-Term Disability plans for benefitted employees.

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 an independent financial advisor. 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.

Western Plains Library System
Clinton, Oklahoma
Management Discussion and Analysis
Year Ended June 30, 2023

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 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); magazines 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.

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

Western Plains Library System
Clinton, Oklahoma
Management Discussion and Analysis
Year Ended June 30, 2023

Circulation

Circulation for all of FY23 totaled 119,218. 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
2019	145,980	39,396	26.9%
2020	131,059	46,322	32.3%
2021	132,337	51,078	38.5%
2022	135,029	54,154	40.1%
2023	119,218	64,312	53.9%

WPLS saw a strong 29% increase in interlibrary loan requests due to increased marketing of the service. Circulations of digital items continues to rise as well as an 18% increase in the public computer usage area and a 27% increase in WiFi usage.

- Interlibrary Loan Requests 2,057

- Public Computer Usage 14,805

- WiFi Usage 33,309

Western Plains Library System
Clinton, Oklahoma
Management Discussion and Analysis
Year Ended June 30, 2023

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. WPLS adopted our own version of the national theme, Friendship and Kindness Through the Decades, where each library was able to choose a decade to theme their décor and programs around. FY23 was the first year since 2020 that there were no cancellations of programs because of Covid-19.

WPLS programming has made a shift in its approach to programming by focusing on higher quality programs in less frequency. This proved effective during the summer months, and we will continue this into the fall. Every Tuesday Storytime is still going strong at WPLS. In FY23, three new book clubs were created, and more are currently in the planning stages. Programming at WPLS is geared to bring patrons back to the collection, and this is being achieved with concentrated energies into fewer programs that focus on books or are accompanied by book displays connected to the topic of the program. A new reading challenge was also created in FY23, Teentober: a reading challenge for teens throughout the month of October.

Fiscal Year	SRP Attendance	SRP Programs	Total Attendance	Total Programs
2021*	5,381	226	19,340	469
2022	7,159	193	14,225	619
2023	8,209	194	15,590	728

*The attendance numbers in FY21 are inflated from a saturation of social media only programming provided during the Pandemic.

Western Plains Library System
Clinton, Oklahoma
Management Discussion and Analysis
Year Ended June 30, 2023

Collections

Just over \$332,000 was spent in FY23 to provide information and recreational materials, as well as electronic databases, to the customers of WPLS. Western Plains' suite of electronic databases cost just under \$38,000 in FY23. 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 FY23, WPLS owns 141,520 items of all types. During FY23, 11,009 items were added to the WPLS collection and 19,297 were deleted.

WPLS had access rights to 20,270 digital items at the conclusion of FY23. During FY23, 1,756 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.

In FY22 1,213 Microfilm rolls were cataloged into the system and made searchable in the PAC.

Western Plains Library System
Clinton, Oklahoma
Management Discussion and Analysis
Year Ended June 30, 2023

Financial Overview*

FY23 Operating Income	\$2,621,465
FY23 Operating Expenses	\$2,354,706
FY23 Capital Outlay	\$ 51,862

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 \$2,553,405 in income for FY23.

Another source of WPLS' income is state aid administered by the Oklahoma Department of Libraries (ODL). For FY23, state aid was received for \$37,669. The state aid formula is based on population and the square miles within the WPLS service area. This amount of support has been in steady decline for over a decade due to a lack of increased appropriations from the Legislature.

Western Plains also derives a small amount of income, just under \$20,000 in FY23, 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 FY23, 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 (1 gbs 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.

*All financial numbers are pending adjusting entries; final auditor-generated journal entries were not available at publication of this report.

Western Plains Library System
Clinton, Oklahoma
Management Discussion and Analysis
Year Ended June 30, 2023

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.

Western Plains Library System
Clinton, Oklahoma
Management Discussion and Analysis
Year Ended June 30, 2023

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 send all library mangers to regional or national library conferences. Conferences attended by WPLS staff in FY23 were as follows:

- TLC Software Users Group Conference: 4 virtual attendees
- Oklahoma Library Association Conference: 16 attendees
- Association of Rural & Small Libraries Conference (ARSL): 7 attendees
- Mountain Plains Library Association Conference (MPLA): 2 attendees
- Public Library Association (PLA) Conference: 9 attendees
- American Library Association (ALA) Conference: 5 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 Library System
Clinton, Oklahoma
Management Discussion and Analysis
Year Ended June 30, 2023

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	8	9	8	9	8	8	16	12	4	3	18	22
Radio	50	50	25	25	0	50	50	50	0	0	50	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

Western Plains Library System
Clinton, Oklahoma
Management Discussion and Analysis
Year Ended June 30, 2023

Capital Projects

A listing of FY23 capital projects by location is below:

Main Office:

- Updated seating in break room area
- Replaced two management-issued iPads
- Replaced an outdated laptop used for HR orientation and staff training
- Updated and repaired Main Office exterior signage
- Replaced an outdated server used as virtual server host

Bookmobile:

- Replaced an outdated laptop used for branch circulation and staff tasks

Cheyenne:

- In partnership with the Town of Cheyenne, upgraded all internal light fixtures to LED.

Thomas:

- Ordered a new custom circulation desk for the library.

Weatherford

- Purchased a commercial laminator that can be used for public lamination services

Western Plains Library System
Clinton, Oklahoma
Management Discussion and Analysis
Year Ended June 30, 2023

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. Late in FY21 Seiling City staff notified me that the library was not able to operate under their tax ID; I have recommended the advisory board obtain Oklahoma domestic not-for-profit status.

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.

Western Plains Library System
Clinton, Oklahoma
Management Discussion and Analysis
Year Ended June 30, 2023

Director's Statement

As I complete my first decade as Director, it continues to be an honor to serve as Executive Director of the Western Plains Library System. This fiscal year I spent a considerable amount of time tending to the affairs of the Oklahoma Library Association as its President. I am proud that WPLS' activity indicators did not slip in my absence due to the dedication of its staff. I believe WPLS continues to be a trend-setting library system in the State thanks to its vibrant, motivated staff. It is a privilege to work with outstanding Trustees; very intelligent, and highly-energetic staff members and supportive communities.

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

Western Plains Library System
Clinton, Oklahoma
Statement of Net Position
June 30, 2023

Current Assets

Cash and Cash Equivalents	\$ 1,909,587
Investments	304,072
Receivables From Library Boards	664
Ad Valorem Tax Receivable	209,835
Prepaid Assets	<u>23,537</u>

Total Current Assets \$ 2,447,695

Other Assets

Lease Assets, Net of Accum. Amort.	8,597
Fixed Assets, Net of Accum Depr.	<u>1,112,099</u>

Total Other Assets 1,120,696

Total Assets **\$ 3,568,391**

Current Liabilities

Accounts Payable	\$ 75,061
Accrued Payroll	24,628
Unpaid Compensated Absences	<u>15,753</u>

Total Current Liabilities \$ 115,442

Long Term Liabilities

Lease Liability	<u>9,953</u>
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Total Long Term Liabilities 9,953

Total Liabilities 125,395

Net Position

Net Investment in Capital Assets	1,112,099
Restricted	0
Unrestricted	<u>2,330,897</u>

Total Net Position 3,442,996

Total Net Position and Liabilities **\$ 3,568,391**

Please see accompanying notes to the basic financial statements.

Western Plains Library System
Clinton, Oklahoma
Statement of Activities
Year Ended June 30, 2023

<u>Functions/Programs</u>	<u>Program Revenue</u>				<u>Net (Expense) Revenue and Changes in Net Position</u>	
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Total</u>
Primary Government						
Governmental Activities						
General Fund	\$ 2,542,218	\$ 18,638	\$ 0	\$ 0	\$ (2,523,580)	\$ (2,523,580)
Memorial Fund	438	0	175	0	(263)	(263)
Friends of WPLS Fund	543	0	540	0	(3)	(3)
Total Governmental Activities	<u>\$ 2,543,199</u>	<u>\$ 18,638</u>	<u>\$ 715</u>	<u>\$ 0</u>	(2,523,846)	(2,523,846)
			<u>General Revenue</u>			
					2,351,845	2,351,845
					37,669	37,669
					10,495	10,495
					40	40
					966	966
					600	600
					<u>2,401,615</u>	<u>2,401,615</u>
					(122,231)	(122,231)
					<u>3,565,227</u>	<u>3,565,227</u>
					<u>\$ 3,442,996</u>	<u>\$ 3,442,996</u>

Please see accompanying notes to the basic financial statements.

Western Plains Library System
Clinton, Oklahoma
Balance Sheets - Governmental Funds
June 30, 2023

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
<u>Assets</u>			
Cash and cash equivalents	\$ 1,899,902	\$ 9,685	\$ 1,909,587
Investments	304,072	0	304,072
Receivables:			
Due from Library Boards	664	0	664
Due from Ad Valorem Tax Receivable	209,835	0	209,835
Prepaid Assets	23,537	0	23,537
Total Assets	\$ 2,438,010	\$ 9,685	\$ 2,447,695
<u>Liabilities</u>			
Accounts Payable	\$ 75,061	\$ 0	\$ 75,061
Accrued Payroll	24,628	0	24,628
Total Liabilities	99,689	0	99,689
<u>Fund Balance</u>			
Non-spendable	234,036	0	234,036
Restricted	0	0	0
Committed	613,216	0	613,216
Assigned	705,000	0	705,000
Unassigned	786,069	9,685	795,754
Total Fund Balance	2,338,321	9,685	2,348,006
Total Liabilities and Fund Balance	\$ 2,438,010	\$ 9,685	\$ 2,447,695

Please see accompanying notes to the basic financial statements.

Western Plains Library System
Clinton, Oklahoma
Balance Sheets - Governmental Funds
June 30, 2023

Fund Balances	\$ 2,348,006
<p>Amounts Reported for Governmental Activities in the Statement of Net Position are different because:</p>	
<p>Capital Assets Used by Governmental Activities of \$2,577,088 Net of Accumulated Depreciation of \$1,464,989 are not financial resources and, therefore, are not reported in the funds.</p>	1,112,099
<p>Lease Assets Used by Governmental Activities of \$13,470 Net of Accumulated Depreciation of \$4,873 and net of related lease liability are not financial resources and, therefore, are not reported in the funds.</p>	(1,356)
Compensated Absences are not a financial liability	(15,753)
Net Position of Governmental Activities	\$ 3,442,996

Please see accompanying notes to the basic financial statements.

Western Plains Library System
Clinton, Oklahoma
Statement of Revenue, Expenditures, and Changes in Fund Balance
Governmental Funds
Year Ended June 30, 2023

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Revenue</u>			
Ad Valorem Tax Revenue	\$ 2,351,845	\$ 0	\$ 2,351,845
State Aid	37,669	0	37,669
Branch Library Income	18,638	0	18,638
Interest Income	10,450	45	10,495
Collection Income	966	0	966
Donations and Fundraising	600	175	775
Miscellaneous Revenue	40	540	580
Total Revenue	<u>2,420,208</u>	<u>760</u>	<u>2,420,968</u>
<u>Expenditures</u>			
Personnel Services			
Salaries and Wages	1,151,744	0	1,151,744
Employee Insurance	162,259	0	162,259
Payroll Taxes	92,048	0	92,048
Retirement Costs	91,353	0	91,353
Total Personnel Services	<u>1,497,404</u>	<u>0</u>	<u>1,497,404</u>
Informational Materials			
Books - Print	141,803	438	142,241
Downloadables	111,949	0	111,949
Databases	33,183	0	33,183
Audio Books	15,071	0	15,071
Magazines/Newspapers	8,259	0	8,259
DVDs	7,534	0	7,534
Vendor Processing	4,757	0	4,757
Microfilm	925	0	925
Total Informational Materials	<u>323,481</u>	<u>438</u>	<u>323,919</u>
Public and Technical Services			
Programming Fees, Supplies & Travel	53,612	0	53,612
IT Services	35,272	0	35,272
Technical Services	12,116	0	12,116
Total Public & Technical Services	<u>101,000</u>	<u>0</u>	<u>101,000</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, 2023

<u>Expenditures (cont.)</u>	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Operating Expenses			
Automation	\$ 66,110	\$ 0	\$ 66,110
Capital Outlay	51,861	0	51,861
Marketing	42,749	0	42,749
Building Maintenance	42,727	0	42,727
Professional Development	38,679	0	38,679
Professional Consulting	34,198	0	34,198
Insurance	31,746	0	31,746
Vehicle Expense	27,841	0	27,841
Computer Expense	26,317	0	26,317
Supplies	23,296	0	23,296
Utilities	23,184	0	23,184
Staff Development	21,669	0	21,669
Contingency Expense	18,269	0	18,269
Travel	17,767	0	17,767
Equipment Expense	17,369	0	17,369
Grant Expense	14,482	0	14,482
Human Resources Expense	11,930	0	11,930
Postage and Freight	10,471	0	10,471
Furniture Expense	7,445	0	7,445
Internet Access	5,979	0	5,979
Collection Agency	2,202	0	2,202
Miscellaneous Expense	2,078	0	2,078
Rent Expense	1,907	0	1,907
Interest Expense	663	0	663
Banking Service Fees	563	43	606
Donations	0	500	500
Total Operating Expenses	541,502	543	542,045
Total Expenditures	2,463,387	981	2,464,368
Net Change in Fund Balance	(43,179)	(221)	(43,400)
Fund Balance, June 30, 2022	2,381,500	9,906	2,391,406
Fund Balance, June 30, 2023	\$ 2,338,321	\$ 9,685	\$ 2,348,006

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, 2023

Total Net Change in Fund Balance		\$	(43,400)
Capital outlay to purchase assets that are reported in governmental funds as expenditures	51,861		
Capital expenses allocated over useful lives as annual depreciation as shown in the statement of activities	<u>(110,978)</u>		
Net effect of Capital Related Expenditures			(59,117)
Amortization expense of intagle right to use lease assets	<u>(3,961)</u>		
Net effect of Lease Related Expenditures			(3,961)
Compensated Absences	<u>(15,753)</u>		
Net effect of Compensated Absences			<u>(15,753)</u>
Change in Net Position of Governmental Activities		<u>\$</u>	<u>(122,231)</u>

Please see accompanying notes to the financial statements.

Western Plains Library System
Clinton, Oklahoma
Notes to Financial Statements
Year Ended June 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Western Plains Library System’s (the “System”) financial statements are prepared in accordance with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (GASB).

Reporting Entity

The Western Plains Library System is a multi-county quasi-governmental organization under Title 65 (Multi-County Act) of the Oklahoma Statutes and accordingly is a separate entity for operating and financial reporting purposes. There are no component units included within the reporting entity.

Under the Oklahoma Metropolitan Act (the “Act”), 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 Western Plains Library System location. 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.

Basis of Presentation

The System’s basic financial statements include both government-wide (reporting the System as a whole) and the fund financial statements (reporting the System’s major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The System does not have any activities classified as business-type activities. Internal Service Fund activities are eliminated in the fund financial statements to avoid “doubling up” revenues and expenses.

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 based on 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.

Government-Wide Financial Statements

In the government-wide statements of net position, the System’s governmental activities are reported using the accrual basis of accounting. The System’s net position is reported in three parts—net investment in capital assets, restricted, and unrestricted. Revenues are recognized when earned and expenses are recognized when incurred.

The government-wide statements of activities report both the gross and net cost of the System’s public library and administrative services. The public library and administrative services are also supported by general government revenues. The statements of activities reduce gross expenses (including depreciation) by related revenues, operating grants and contributions, and capital grants

Western Plains Library System
Clinton, Oklahoma
Notes to Financial Statements
Year Ended June 30, 2023

and contributions. Revenues must be directly associated with the public library and administrative services. Charges for services include charges and fees to customers for fines and charges for services provided.

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

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

Fund Financial Statements

Fund financial statements report detailed information about the System. The focus of governmental and proprietary fund financial statements is on major funds rather than reporting funds by type. Nonmajor funds, if any, are aggregated and presented in a single column.

All governmental funds are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. Under this basis, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectable within the current period or within 60 days after year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred.

The System reports the following governmental funds:

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

Basis of Accounting

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

Western Plains Library System
Clinton, Oklahoma
Notes to Financial Statements
Year Ended June 30, 2023

Accrual

The government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when a liability is incurred. Property taxes are recognized as revenue in the year in which they are levied.

Modified Accrual

The fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectable within the current period or within 60 days after year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, are recognized when due.

Capital Assets

Capital assets purchased or acquired with an original cost of \$1,000 or more and all books and materials are reported at historical cost or estimated historical cost, net of accumulated depreciation. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings and improvements	30 years
Furniture and fixtures	7 years
Computer equipment	4 years
Vehicles	5 years
Books and materials	5 years

Compensated Absences

The System accrues accumulated unpaid annual leave when it has been earned by the employee. Compensated absences are reported as current liabilities in the statements of net position. Eligible employees who end their employment with the System are reimbursed for each day of accumulated unpaid annual leave. Further details are provided in the System's Employee Leave Policy.

Annual Budget

The System is required by state law to prepare an annual budget. The Board of Directors of the System formally approves the annual budget for the General Fund.

Western Plains Library System
Clinton, Oklahoma
Notes to Financial Statements
Year Ended June 30, 2023

Cash and Cash Equivalents

The System considers all cash on-hand, demand deposits, and certificates of deposit held at an individual bank which are subject to early withdrawal penalties, no matter what the maturity period, to be cash and cash equivalents.

Investments

In accordance with *GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, investments held at June 30, 2023, with original maturities greater than 1 year are stated at fair value.

Advertising Costs

All costs associated with advertising are expensed as incurred.

Property Tax Revenues

The Library is authorized by state law to levy property taxes which consist of ad valorem taxes on real and personal property within Custer County, Roger Mills County, Dewey County and Washita County. 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.

Property Taxes Receivable

Property taxes receivable by the System include uncollected taxes assessed as of June 30, 2023 and earlier. Roger Mills County, Dewey County, Custer County and Washita County owe the System outstanding ad valorem taxes. The System considers prior years' experience in estimating uncollectable property taxes. No provisions have been made for uncollectable amounts for the year ended June 30, 2023.

State Revenues

The System receives revenue from the Oklahoma Department of Libraries to administer certain library materials.

Contributed Facilities and Services

The System operates several branches located in government-owned buildings and receives certain services without charge. The estimated fair rental values of the premises and services are not reported in the accompanying statements of revenues, expenditures, and changes in fund balance.

Grants

The System records income from grants in the period received or to the extent of expenses paid prior to reimbursement by grant.

Income Taxes

The System was established under the provisions of the Oklahoma Constitution and as such is exempt from income taxes under the Internal Revenue Code as a unit of government.

Western Plains Library System
Clinton, Oklahoma
Notes to Financial Statements
Year Ended June 30, 2023

Prepaid Expenses

The System uses the consumption method to record prepaid expenses. Prepaid expenses are payments in advance of the receipt of goods or services in exchange transactions and are usually made for insurance, automation and pension. Prepaid expenses are reported as financial resourced at the time of prepayment, and expenditures for prepaid services are recognized when the related services are received.

Retirement

Defined Contribution Plan—The System also has a defined contribution plan. It is discussed in more detail in Note 9.

Restricted Resources

The System records gifts and grants as restricted when the donor specifies a restriction on the timing or use of the gift or grant. Expenses are allocated first to the restricted resources. If additional expense is incurred, the expense is allocated to unrestricted funds when the restriction has been depleted.

Use of Estimates

The preparation of financial statements 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.

Equity Classification - Government-Wide Financial Statements

Equity is classified as net position and displayed in three categories in the government-wide financial statements:

- a) Net investment in capital assets: Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b) Restricted net position: Consists of net position with constrains placed on the use either by (i) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (ii) law through constitutional provisions or enabling legislation.
- c) Unrestricted net position: All other net positions that do not meet the definition of “restricted” or “net investment in capital assets”.

It is the System’s policy to first use restricted net position prior to the use of unrestricted net position when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Western Plains Library System
Clinton, Oklahoma
Notes to Financial Statements
Year Ended June 30, 2023

Equity Classification - Fund Statements:

Governmental fund equity is classified as fund balance in the fund statements. Fund balance is further classified as nonspendable, restricted, committed, assigned, and unassigned. The classifications are defined as:

- a) **Nonspendable fund balance:** Includes amounts that cannot be spent because they are either (i) not in spendable form or (ii) legally or contractually required to be maintained intact. This would include items not expected to be converted to cash, including prepaid expenses. It is the responsibility of the System’s management to identify and report all nonspendable funds appropriately in the System’s financial statements.
- b) **Restricted fund balance:** Consists of amounts with constraints placed on the use of resources either (i) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (ii) imposed by law through constitutional provisions or enabling legislation. It is the responsibility of the System’s management to identify and report all restricted funds appropriately in the System’s financial statements.
- c) **Committed fund balance:** Reflects specific purposes pursuant to constraints imposed by formal action of the System’s highest level of decision-making authority. Also, such constraints can only be removed or changed by the same form of formal action.

For purposes of the committed fund balance, the Board of Trustees is considered the System’s highest level of decision-making authority. Funds set aside by the Board of Trustees as committed fund balances require the passage of a resolution by a majority vote of the members of the Board of Trustees. The Board of Trustees has the authority to remove or change the commitment of funds with a majority vote. The governing board has implemented a cash management policy that commits 3 months of operating expenses. The committed fund balance for this purpose as of June 30, 2023 was \$613,216.

- d) **Assigned fund balance:** Reflects amounts that are constrained by the System’s intent to be used for specific purposes, but meet neither the restricted nor committed forms of constraint. Assigned funds cannot cause a deficit in the unassigned fund balance. For purposes of the assigned fund balance, the restrictions are imposed by the Executive Director only; consequently, the restrictions may be rescinded by action of the Executive Director. 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, 2023 were as follows:

Vehicle Replacement	\$380,000
Author Visits	\$150,000
Computer Reserve	\$125,000
Building Maintenance	\$ 50,000

Western Plains Library System
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Notes to Financial Statements
Year Ended June 30, 2023

- e) Unassigned fund balance: Is the residual classification for the General Fund only. Unassigned fund balance essentially consists of excess funds that have not been classified in the above four fund balance categories.

It is the System's policy to first use the restricted fund balance prior to the use of the unrestricted fund balance when an expense is incurred for purposes for which both restricted and unrestricted fund balances are available. The System's policy for the use of the unrestricted fund balance amounts require that committed amounts be reduced first, followed by assigned amounts and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

The System presents its fund balance in accordance with the requirements of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The following tables show the fund balance classifications as shown on the governmental funds balance sheets in accordance with GASB as of June 30, 2023:

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Fund Balances:			
Nonspendable:			
Prepaid Expenses	\$ 22,269	\$ 0	\$ 22,269
Due from Library Boards	664	0	664
Ad Valorem in Protest	209,835	0	209,835
Total nonspendable	<u>232,768</u>	<u>0</u>	<u>232,768</u>
Restricted	<u>0</u>	<u>0</u>	<u>0</u>
Committed:			
Operating Expenses	<u>613,216</u>	<u>0</u>	<u>613,216</u>
Assigned:			
Vehicle Replacement	380,000	0	380,000
Author Visits	150,000	0	150,000
Computer Reserve	125,000	0	125,000
Building Maintenance	50,000	0	50,000
Total assigned	<u>705,000</u>	<u>0</u>	<u>705,000</u>
Unassigned	768,960	9,685	778,645
Total Fund Balances	<u>\$ 2,319,944</u>	<u>\$ 9,685</u>	<u>\$ 2,329,629</u>

Western Plains Library System
Clinton, Oklahoma
Notes to Financial Statements
Year Ended June 30, 2023

Recent Accounting Pronouncements

Governmental Accounting Policies Adopted During Current Year

In June 2017, GASB issued Statement No. 87, *Leases* (GASB 87). GASB 87 defines a lease as a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. GASB 87 improves accounting and financial reporting for leases by governments by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under GASB 87, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The System adopted GASB 87 on July 1, 2022, for the June 30, 2023, reporting year, which did not have a significant impact on the Library's financial statements.

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements* (GASB 96). GASB 96 provides accounting and financial reporting guidance for the governmental end users of subscription-based information technology arrangements (SBITAs). GASB 96 defines an SBITA, establishes right-to-use assets and corresponding liabilities, and provides capitalization criteria and the note disclosures required for SBITAs. The System adopted GASB 96 on July 1, 2022, for the June 30, 2023, reporting year, which did not have a significant impact on the Library's financial statements.

In April 2022, GASB issued Statement No. 99, *Omnibus 2022* (GASB 99). GASB 99 is a technical omnibus statement that addresses issues or concerns from previous statements that were discovered during implementation and application of those statements. GASB 99 covers several topics including but not limited to, financial guarantees, derivatives, leases, non-monetary transactions, future revenue pledges and terminology updates. The System adopted the sections that were effective immediately for the June 30, 2023, reporting year. The remaining sections will be adopted by the System for the June 30, 2024, reporting year, as required by GASB 99. The System does not expect GASB 99 to have a significant impact on the financial statements.

In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections* (GASB 100). GASB 100 proscribes accounting and financial reporting for accounting changes and error corrections to the financial statements. GASB 100 defines what constitutes an accounting change versus a change in accounting principle or error correction and outlines the appropriate note disclosures in each circumstance. The System will adopt GASB 100 on July 1, 2023, for the June 30, 2024, reporting year. The System does not expect GASB 100 to have a significant impact on the financial statements.

Western Plains Library System
Clinton, Oklahoma
Notes to Financial Statements
Year Ended June 30, 2023

In June 2022, GASB issued Statement No. 101, *Compensated Absences* (GASB 101). GASB 101 outlines the definition of compensated absences and sets forth the accounting and financial reporting for compensated absence liabilities. GASB 101 outlines that leave accrued should be measured using the employees pay rate at the financial statement date and that certain salary related payments, such as Social Security and Medicare, should be included in such measurement. The System will adopt GASB 101 on July 1, 2024, for the June 30, 2025, reporting year. The System has not determined the impact that GASB 101 will have on the financial statements.

Date of Management’s Review of 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, 2024. The System has not budgeted for any of the funds under protest, any revenue received from these funds under protest would be a surplus.

Management has evaluated subsequent events through September 6, 2023, the date which the financial statements were available to be issued.

NOTE 2 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of June 30, 2023 include the following accounts:

General Fund	
MidFirst Bank-Investment	\$ 1,382,655
Interbank	213,232
Bank of Cordell Childrens Trust	146,211
Oklahoma Bank and Trust	93,728
MidFirst Bank-Checking	58,195
MidFirst Bank-Sales Acct	5,831
Petty Cash	50
Memorial Fund	
Oklahoma Bank and Trust	5,691
Friends of The Library Fund	
First Bank and Trust	3,994
	\$ 1,909,587

Custodial Credit Risk - Deposits

For deposits, custodial credit risk is the risk that in the event of the failure of a counterparty, the Library will not be able to recover the value of its deposits. Deposits are exposed to custodial credit risk if they are uninsured and uncollateralized. At June 30, 2023, the carrying amount of the

Western Plains Library System
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Notes to Financial Statements
Year Ended June 30, 2023

System’s cash and cash equivalents were \$1,909,587, and the bank balances were \$1,961,082. The difference in balances was primarily due to uncleared outstanding checks.

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 \$1,700,000 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	\$ 1,909,537	\$ 0	\$ 50	\$ 1,909,587

NOTE 3 – INVESTMENTS

The System’s investment policies are governed by State statutes. Permissible investments include direct obligations of the U.S. government and agencies; negotiable certificates of deposit of savings and loan associations and bank and trust companies; and savings accounts or savings certificates of savings and loan associations and trust companies. Non-negotiable certificates of deposit are considered to be cash equivalents. Collateral is required for demand deposits and certificates of deposit on all amounts not covered by Federal Deposit Insurance Corporation insurance.

The System categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets identical assets; Level 2 inputs are significant other observable inputs. The valuations for Level 2 measurements are determined using quoted prices for similar assets or liabilities in active markets; Level 3 inputs are significant unobservable inputs.

The System invests \$153,471 in a Certificate of Deposit at the Security State Bank in Cheyenne, Oklahoma. The interest rate on this investment is 0.10%. The interest is paid quarterly. The maturity date is July 25, 2023.

Western Plains Library System
Clinton, Oklahoma
Notes to Financial Statements
Year Ended June 30, 2023

The System also invests \$150,601 in a Certificate of Deposit at the First National Bank in Seiling, Oklahoma. The interest rate on this investment is 0.40%. The interest is paid quarterly. The maturity date is July 25, 2023.

Custodial Credit Risk - Investments

Investments are made under the custody of the System's management in accordance with investment policies complying with State statutes and System policy.

Custodial credit risk is the risk that, in the event of the failure of a counterparty, the System will not be able to recover the value of its investments. Investment securities are exposed to custodial risk if they are uninsured, are not registered in the name of the System, or are held by a counterparty or the counterparty's trust department but not in the name of the System. While the investment policy does not specifically address custodial credit risk, all investments are held in the name of the System.

Investment Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The System does not have a formal investment policy to manage exposure to fair value losses arising from increasing interest rates. The System discloses its exposure to interest rates by disclosing the maturity dates of its various investments.

Concentration of Investment Credit Risk

Exposure to concentration of credit risk is considered to exist when investments in any one issuer represent a significant percent of total investments of the System (any over 5% are disclosed). Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this consideration. The System's investment policy requires diversification of investments and indicates that, with the exception of U.S. Treasury securities and authorized pools, there was no single issuer investment with more than 5% of total investments.

NOTE 4 – COLLECTIONS

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

NOTE 5 – PREPAID ASSETS

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

Western Plains Library System
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Notes to Financial Statements
Year Ended June 30, 2023

Prepaid Insurance	\$	13,856
Prepaid Automation		7,163
Prepaid Pension		1,250
		22,269
	\$	22,269

NOTE 6 – CAPITAL 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 \$1,000 per unit.

Capital asset activity for the year ended June 30, 2023 was as follows:

	Property, Plant and Equipment	Accumulated Depreciation
Balance as of 07/01/2022	\$ 2,525,227	\$ 1,354,011
Additions	51,861	110,978
Disposals	0	0
Balance as of 06/30/2023	\$ 2,577,088	\$ 1,464,989

NOTE 7 – COMMITMENTS AND CONTINGENCIES

Grant Program 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.

Leases

The System engaged in a long-term lease with Pitney Bowes for copiers on May 9, 2022. This lease is a 48-month contract with monthly payments of \$330. Under *GASB Statement No. 87, Leases*, the lease is considered an asset that is subject to depreciation.

Western Plains Library System
Clinton, Oklahoma
Notes to Financial Statements
Year Ended June 30, 2023

	Leased Asset	Accumulated Amortization
Balance as of 07/01/2022	\$ 13,470	\$ 912
Additions	0	3,961
Disposals	0	0
Balance as of 06/30/2023	\$ 13,470	\$ 4,873

The System reports the future lease payments as a liability on the financial statements. Net present value was calculated using an interest rate of 5%. This resulted in the following future payments:

	Principal	Interest	Total Payments
FYE 6/30/2024	\$ 3,463	\$ 498	\$ 3,961
FYE 6/30/2025	3,637	324	3,961
FYE 6/30/2026	2,852	119	2,971
	\$ 9,952	\$ 941	\$ 10,893

The current year interest amount is \$663.

Legal

From time to time, the System is involved in certain legal proceedings arising in the normal course of business. In the opinion of management, the ultimate disposition of such proceedings will not have a material effect on the System's financial statements.

Risk Management

The System is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; or natural disasters for which the System carries commercial insurance. There have been no significant reductions in coverage from the prior year, and settlements have not exceeded coverage in the past 3 years.

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

- Commercial Automobile Coverage
- Commercial Package
- Employment Practices Liability
- Workers Compensation and Employer Liability
- Inland Marina
- Position Fidelity Bond

Western Plains Library System
Clinton, Oklahoma
Notes to Financial Statements
Year Ended June 30, 2023

NOTE 8 – ACCRUED PAYROLL AND COMPENSATED ABSENCES

The System accrues a payroll liability and a liability for vacation pay or other compensated absences, which are liquidated through the General Fund. Accrued payroll and compensated absences are reported as current liabilities in the statement of net position.

Employees can accrue up to a maximum of 25 days or 200 hours of leave. The cost is recognized when a claim is made for the accrued compensation by the employee.

Accrued payroll and compensated absences activity for the year ended June 30, 2023 was as follows:

	Accrued Payroll	Compensated Absences
Balance as of 07/01/2022	\$ 16,982	\$ 18,177
Additions	24,628	0
Reductions	(16,982)	(2,424)
Balance as of 06/30/2023	\$ 24,628	\$ 15,753
Amounts Due Within 1 Year	\$ 24,628	\$ 15,753

NOTE 9 – 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 optional for all eligible employees. To become eligible for participation, an employee must have completed one year of service and have reached age 18. The System matches employee’s contribution up to 10% of eligible wages.

Administrative costs for the retirement plan totaled \$2,444 and were charged to current year operating expense.

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

	6/30/2023	6/30/2022	6/30/2021
Employer Contributions	\$ 79,896	\$ 90,927	\$ 79,312
Employee Contributions	93,082	96,836	85,334
Total	\$ 172,978	\$ 187,763	\$ 164,646

Western Plains Library System
Clinton, Oklahoma
Notes to Financial Statements
Year Ended June 30, 2023

NOTE 10 – 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 70.6% of the ad valorem tax revenues were received in January and February 2023.

<u>Ad Valorem Tax Revenue</u>	
Custer County	\$ 1,454,408
Dewey County	375,021
Roger Mills County	308,813
Washita County	213,603
	<u>\$ 2,351,845</u>

NOTE 11 – GRANT REVENUES

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

	<u>Grant Receipts</u>	<u>Grant Expenditures</u>
Oklahoma Department of Libraries	\$ 0	\$ 14,482
Total	<u>\$ 0</u>	<u>\$ 14,482</u>

NOTE 12 – 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.

Western Plains Library System

Clinton, Oklahoma

General Fund

Statement of Revenue, Expenditures, and Changes in Fund Balance

Budget and Actual

Year Ended June 30, 2023

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
<u>Revenue</u>				
Ad Valorem Taxes	\$ 2,325,000	\$ 2,375,000	\$ 2,351,845	\$ (23,155)
State Aid	38,000	38,000	37,669	(331)
Branch Library Income	12,000	15,000	18,638	3,638
Interest Income	5,000	6,500	10,450	3,950
Collection Agency Income	500	500	966	466
Donations and Fundraising	0	0	600	600
Miscellaneous Revenue	500	500	40	(460)
Total Revenue	2,381,000	2,435,500	2,420,208	(15,292)
<u>Expenditures</u>				
Personnel Services				
Salaries and Wages	1,160,000	1,160,000	1,135,991	24,009
Employee Insurance	191,000	191,000	162,259	28,741
Payroll Taxes	93,000	93,000	92,048	952
Retirement Costs	95,000	95,000	91,353	3,647
Total Personnel Services	1,539,000	1,539,000	1,481,651	57,349
Informational Materials				
Books - Print	110,000	110,000	141,803	(31,803)
Downloadables	90,000	90,000	111,949	(21,949)
Databases	37,000	37,000	33,183	3,817
Audio Books	20,000	20,000	15,071	4,929
Magazines/Newspapers	10,500	10,500	8,259	2,241
DVDs	30,000	30,000	7,534	22,466
Vendor Processing	4,000	4,000	4,757	(757)
Microfilm	1,000	1,000	925	75
Total Informational Materials	302,500	302,500	323,481	(20,981)
Public and Technical Services				
Programming Fees, Supplies & Travel	50,000	55,000	53,612	1,388
IT Services	40,000	40,000	35,272	4,728
Technical Services	13,000	12,000	12,116	(116)
Total Public and Technical Service	103,000	107,000	101,000	6,000

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, 2023

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Operating Expenses				
Automation	\$ 60,000	\$ 70,000	\$ 66,110	\$ 3,890
Capital Outlay	0	23,000	51,861	(28,861)
Marketing	50,000	45,000	42,749	2,251
Building Maintenance	40,000	42,000	42,727	(727)
Professional Development	35,000	38,500	38,679	(179)
Professional Consulting	35,000	35,000	34,198	802
Insurance	32,500	32,500	31,746	754
Vehicle Expense	17,000	22,000	27,841	(5,841)
Computer Expense	10,000	10,000	26,317	(16,317)
Supplies	15,000	20,000	23,296	(3,296)
Utilities	24,000	20,000	23,184	(3,184)
Staff Development	23,000	22,000	21,669	331
Contingency Expense	18,000	18,500	18,269	231
Travel	10,000	10,000	17,767	(7,767)
Equipment Expense	24,000	24,000	17,369	6,631
Grant Expense	0	0	14,482	(14,482)
Human Resources Expense	6,000	12,000	11,930	70
Postage and Freight	12,000	12,000	10,471	1,529
Furniture Expense	5,000	7,500	7,445	55
Internet Access	9,000	7,500	5,979	1,521
Amortization Expense	0	0	3,961	(3,961)
Collection Agency Expense	3,000	3,000	2,202	798
Miscellaneous Expense	2,500	2,500	2,078	422
Rent Expense	2,000	2,000	1,907	93
Interest Expense	0	0	663	(663)
Banking Service Fees	500	500	563	(63)
Total Operating Expenses	<u>433,500</u>	<u>479,500</u>	<u>545,463</u>	<u>(65,963)</u>
Total Expenditures	<u>2,378,000</u>	<u>2,428,000</u>	<u>2,451,595</u>	<u>(23,595)</u>
<u>Revenue Over (Under) Expenditures</u>	<u>\$ 3,000</u>	<u>\$ 7,500</u>	<u>\$ (31,387)</u>	<u>\$ (38,887)</u>
<u>Fund Balance, June 30, 2022</u>	<u>2,226,412</u>	<u>2,226,412</u>	<u>2,352,600</u>	
<u>Fund Balance, June 30, 2023</u>	<u>\$ 2,229,412</u>	<u>\$ 2,233,912</u>	<u>\$ 2,321,213</u>	

Please see accompanying notes to the financial statements.

Western Plains Library System
Clinton, Oklahoma
Notes to Budgetary Comparison Schedule
Year Ended June 30, 2023

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, 2023

	<u>Memorial Fund</u>	<u>Friends of the Library Fund</u>	<u>Total</u>
<u>Assets</u>			
Cash and Cash Equivalents	\$ 5,691	\$ 3,994	\$ 9,685
Total Assets	<u>\$ 5,691</u>	<u>\$ 3,994</u>	<u>\$ 9,685</u>
<u>Liabilities and Fund Balance</u>			
Due to WPLS	\$ 0	\$ 0	\$ 0
Total Liabilities	0	0	0
Fund Balance			
Assigned	0	0	0
Unassigned	<u>5,691</u>	<u>3,994</u>	<u>9,685</u>
Total Liabilities and Fund Balance	<u>\$ 5,691</u>	<u>\$ 3,994</u>	<u>\$ 9,685</u>

Please see accompanying notes to the financial statements.

Western Plains Library System

Clinton, Oklahoma

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance

Nonmajor Governmental Funds

Year Ended June 30, 2023

<u>Revenue</u>	<u>Memorial Fund</u>	<u>Friends of the Library Fund</u>	<u>Total</u>
Donations and Fundraising	\$ 175	\$ 0	\$ 175
Miscellaneous Income	0	540	540
Interest Income	45	0	45
Total Revenue	220	540	760
<u>Expenditures</u>			
Books and Supplies	438	0	438
Donations	0	500	500
Bank Service Charges	0	43	43
Total Expenditures	438	543	981
<u>Revenue Over (Under) Expenditures</u>	(218)	(3)	(221)
<u>Fund Balance, June 30, 2022</u>	5,909	3,997	9,906
<u>Fund Balance, June 30, 2023</u>	<u>\$ 5,691</u>	<u>\$ 3,994</u>	<u>\$ 9,685</u>

Please see accompanying notes to the financial statements.



**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, each major fund, and the aggregate remaining fund information of the Western Plains Library System, as of and for the year ended June 30, 2023, 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 September 6, 2023.

Report on 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.

Report on 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 on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Furrh & Associates, PC

FURRH & **A**SSOCIATES, PC

Lawton, Oklahoma

September 6, 2023