

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

JUNE 30, 2015

BY



Western Plains Library System

Clinton, Oklahoma
Year Ended June 30, 2015

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Western Plains Library System
Clinton, Oklahoma
Year Ended June 30, 2015

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Management's Discussion & Analysis

Western Plains Library System

For the Year Ending June 30, 2015

This discussion and analysis of the financial performance of the Western Plains Library System (WPLS) provides an overall review of the Library's financial condition and results of operations for the fiscal year ended June 30, 2015. Readers should read this information in conjunction with the Library's financial statements.

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 48,722 citizens in the four-county area of Custer, Dewey, Roger Mills and Washita Counties. At the end of FY 15, WPLS had 11,181 registered borrowers. Just five years ago, WPLS only had 9,370 registered borrowers, therefore the user base has grown 20% in a short number of years.

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

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

Trustees

WPLS is governed by eleven Trustees who are appointed by the City government of each WPLS community with a public library and one each by the Board of County Commissioners of WPLS's service area.

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Board of Trustees as of June 30, 2015:

<u>Board Member</u>	<u>Represents</u>
Dale Tracy	Town of Cheyenne
Robetha Farris*	Dewey County
Charlotte Betcher*	City of Cordell
Linda Carpenter*	Custer County
Lily Kendall	Roger Mills County
Juan Garcia	City of Clinton
Marva Webb	Washita County
Jackie Duncan	City of Weatherford
Pat Kourt	City of Thomas
Anneva Sander	City of Seiling
Janet McEwen	Town of Sentinel

*Term ending on June 30, 2015

Personnel

Paid employees for FY 2015 include twenty-three full-time staff and fourteen part-time staff. All employees who work 30+ hours per week are counted as full-time. WPLS has three employees with a Masters in Library and Information Studies Degree with two current employees enrolled in the Master's Program at OU. 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's sister library systems are still in small-group private health plans and thus are paying much higher rates for their employee insurance benefits.

Western Plains' current retirement benefit is provided via a Simplified Employee Pension (SEP) Plan administered by Waddell and Reed. WPLS contributes 5% of annual wages into each eligible employees SEP. Employees are further allowed to save for their own retirement via a 457 Plan

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also administered by Waddell and Reed. Retirement benefits are one area where WPLS consistently lags behind its sister library systems, and I plan to ask the Board to consider additional options for retirement in FY 2016.

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 within the library and to remote locations (home, office, etc.), specialized on-line databases, E-books, instruction through classes and individual assistance as needed, programs for young people and adults, films (DVDs), music (digital download) and microfilm.

Services include, but are not limited to: reference, readers' advisory, interlibrary loan and programing. Many 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 have been particularly 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 to the public.

Circulation

Circulation for all of FY15 totaled 146,763. This was a 7% growth over FY14 and 17% higher than FY13. Most of the increase in circulation has been driven by WPLS' digital collections. The chart below illustrates how digital circulations are becoming an ever larger piece of WPLS's total circulation.

Fiscal Year	Total Circulation	Digital Circulation	Digital as % of Total
2013	125,434	10,284	8%
2014	136,705	15,038	11%
2015	146,763	20,068	14%

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

Computer Usage	72,601*
Interlibrary Loan Requests	1,143

*FY15 is the first fiscal year where WPLS' computer usage number includes Wi-Fi users. New cloud controlled Wi-Fi equipment was installed late in FY14. In addition to much faster browsing speeds, the new equipment allows WPLS the ability to count individual user sessions. It is not unusual to drive by any WPLS branch library after-hours and see several cars in the parking lot using the Wi-Fi.

Management's Discussion & Analysis

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Programming

Quality programming geared toward WPLS's user base has always been a driver of traffic 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 a reading challenge. To keep the kids excited, regular story and craft times are offered at all branches. Many sign up parties have grown so large that the branches must hold signups at local parks to accommodate the crowds of families. By investing in quality performers, WPLS attracts large crowds that then discover and use library materials in addition to signing children up for the reading challenge. As demonstrated in the chart below, summer attendance has grown significantly in each of the past years.

Fiscal Year	SRP Attendance	SRP Programs	Total Attendance	Total Programs
2013	4,561	183	10,578	572
2014	6,932	201	12,185	543
2015	7,554	248	14,944	739

Throughout the rest of the year WPLS offers regular story times and other activities at each branch. This past year has seen a keen interest in "mommy and me" story times geared for toddlers because they provide stay at home parents, who comprise the largest audience for these programs, both education programming for their children and a social outing to speak with like-minded individuals.

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

- Cheyenne: Pioneer Days (Buckboard Quilt history program)
- Clinton: Cinco de Mayo (live band, games, and various contests)
- Cordell: Pumpkin Festival (David Titus, the String Man)

In addition our Bookmobile participates in parades in the communities of Seiling, Sentinel, Thomas and Weatherford.

For five years now WPLS has used the early months of January and February to offer a reading program for adults simply titled the Winter Reading program. Adults are encouraged to check out items by entering prize drawing and playing small games for incentives. This has proven effective in raising the sluggish, post-Christmas lull in circulation. In fact, it has been so successful that

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Western Plains Library System
For the Year Ending June 30, 2015

several WPLS staff presented at an Oklahoma Library Association panel dedicated to the topic, with much awe and interest from our sister organizations.

Branch managers offer many other themed programs and activities that vary from branch to branch. The creativity and excitement of WPLS staff in these programs has been crucial in attracting many users, especially young users, to the library. Management will continue to support the imaginations of our staff in developing engaging programming.

Collections

Just over \$250,000 was spent in FY15 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 \$30,000 in FY15. Several of these databases, such as Ancestry.com for genealogy and the Brainfuse Homework Help database, saw strong usage. One of WPLS's strategic goals is to hire a MLIS-degreed librarian to manage, promote, and teach the usage of these valuable digital resources; thus far it has been difficult to recruit the right candidate to move to Western Oklahoma.

At the conclusion of FY2015, WPLS owns 170,393 items of all types. During FY15, 7,614 items were added and 25,910 were deleted. The large number of deletes was partially due to heavy weeding in the five branches that were re-carpeted in FY14. Several branches received new shelving configurations after re-carpeting and less shelf space was available. Almost 14,000 of the deleted items were from the collections stored at the Main Office. Historically WPLS was a transmission site for interlibrary loan and thus kept a large number of unique titles in case libraries in the region wanted to borrow them. The transmission site method of interlibrary loan was discontinued in the late 1990's and the WPLS collection was never correspondingly weeded. All items weeded from the main collection were over ten years old and had not circulated in the last five years.

At the conclusion of FY15, WPLS has access rights to 5,243 digital items. During FY15, 1,082 new digital access rights were purchased. Given current budget support, at least 1,000 new digital titles should be added each year. If current circulation growth trends continue, funds will slowly begin transferring from print materials budgets to digital.

Financial Overview

FY 2015 Budget (Expected Income)	\$1,965,500
FY 2015 Actual Income (including grants)*	\$2,278,399
FY 2015 Budget (Expected Expenses)	\$1,871,550
FY 2015 Actual Operating Expenses	\$1,817,133
FY 2015 Budget (Expected Capital Outlay)	\$ 183,242
FY 2015 Capital Outlay	\$ 262,357

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*All expenses from the \$251,000 Children's Reading Trust Grant will be in future fiscal years.

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 \$1,960,125 in income for FY15.

Another source of WPLS income is State Aid, administered by the Oklahoma Department of Libraries (ODL). For FY15, State Aid was received in the amount of \$46,210; state aid continues to be reduced annually. This downward trend will continue for the foreseeable future due to budget cuts at the state level. 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, \$18,847, from payment of library fees, interest on investments and customer payments via the Unique Management collection agency program. The FY15 audit also includes a large amount of miscellaneous income; \$22,238 of the \$23,088 miscellaneous total is from an adjusting entry made by the WPLS auditor to record in-kind donations from 501(c)3 Friends Groups and from the City of Clinton for library carpeting. Western Plains has brokered transactions for these external Friends groups for a number of years when these furnishings are placed in branch libraries. These transactions are usually cost-share allocations, with WPLS paying a fixed percentage and the Friends group paying a percentage. Ownership of all assets purchased under cost-share are the property of WPLS.

One important source of funding for WPLS that is not directly recorded in the budget is the Universal Service (E-Rate) discounts for telephone and internet services. For WPLS, the FY15 discounts received for internet and telephone services for all libraries was around \$303,000. The largest discount WPLS receives is for its point-to-point wireless WAN. WPLS's portion of the WAN for FY15 was \$60,000 or 20% of its total cost. Changes to the E-Rate program for the FY16 budget year will lower the WPLS portion to 10%.

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.

Technology

Western Plains continues to deploy and support up-to-date technology for its customers and staff. Currently WPLS has 75 public and staff desktop computers deployed across the system. These computers were purchased as a group in 2010 with an anticipated useful life of four years. All machines were upgraded from Windows XP to Windows 7 in late 2014, gaining a few more years of useful life. 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 redeployed to the machine with 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

Management's Discussion & Analysis

Western Plains Library System

For the Year Ending June 30, 2015

to almost zero. WPLS does have a technology reserve set aside for the large-scale replacement of computer hardware, and the current desktops will be considered for replacement in late FY16 for early FY17.

In FY15 WPLS upgraded the server architecture which supports its library automation software. Three servers purchased in 2003 were replaced with one Dell R720 server configured for virtualization. All WPLS servers are now virtualized, allowing for physical separation by server function and resulting in less down time.

In addition to desktop computers, each branch library also has an iPad used to accept credit card payment for library fees. These iPads are also used to photograph library events. These branch iPads will be replaced in FY16. Seven iPads are also issued to the department heads for use in support of their duties. This equipment is the property of WPLS, and is returned upon an employee's departure.

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 Master-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 Clinton Public Branch Manager will join the certification board, which provides program oversight and develops curriculum, on July 1, 2015.

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 FY15 were as follows:

- TLC Software Users Group Conference: 4 attendees
- Oklahoma Library Association Conference: 16 attendees
- American Library Association (ALA) Conference: 10 attendees
- Mountain Plains Library Association Conference: 1 attendee
- ALA National Library Legislative Day: 1 attendee

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Western Plains' staff is also very active in the Oklahoma Library Association. Currently eight WPLS staff are active on nine different OLA committees. WPLS Director Tim Miller is also an elected officer of the association and sits on the OLA Executive Board. Miller is the OLA Representative to, and voting member of, the Mountain Plains Library Association Board.

Western Plains also currently holds a monthly staff meeting for all 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.

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 branch managers write weekly columns for their local community newspaper, WPLS employs a full-time marketing coordinator. 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 began regular advertising via radio in late FY14. The increased attendance at library events across the same period reflects the value of these efforts.

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

Spotlight events by community:

- Cheyenne: Pioneer Days
- Clinton: Cinco de Mayo
- Cordell: Pumpkin Festival
- Seiling: Christmas Parade
- Sentinel: 4th of July Parade (FY15 was WPLS first year to participate in this event)
- Thomas: Town-wide Christmas festivities
- Weatherford: SWOSU Homecoming Parade

Capital Projects

FY15 saw the completion of many capital projects across the System, the largest projects being the new carpeting installed in Cordell, Seiling, Thomas, Cheyenne and Clinton. A listing of capital projects by branch is below:

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Main Office:

- GMC Extended Cab Van purchased as courier vehicle
- Dell R720 Server installed
- Exinda Network Packet Shaping Device installed
- Fortigate Firewall installed
- Warehouse-style shelving purchased to augment existing storage space

Cheyenne:

- Carpeting installed
- Security system equipment under lease was purchased
- Architectural plans and construction estimate purchased for possible future expansion

Clinton:

- Carpeting installed
- Tile installed in staff work room and meeting room
- Private office for branch manager constructed inside existing staff work area
- Office furniture purchased for new branch manager office
- 60 new chairs purchased for public use

Cordell:

- Carpeting installed
- Tile installed in staff restroom
- ScanPro Digital Microfilm Machine purchased
- 10 chairs for public seating area purchased

Seiling:

- Carpeting installed
- Blinds installed
- ScanPro Digital Microfilm Machine purchased
- Shelving installed for non-fiction area

Sentinel:

- The Sentinel Library is housed in a building generously donated by the Carter family. As a privately owned facility, WPLS is prohibited by Oklahoma law from using public funds to improve the physical facility.

Management's Discussion & Analysis

Western Plains Library System

For the Year Ending June 30, 2015

Thomas:

- Carpeting installed
- Architectural plans and construction estimate purchased for possible future remodeling

Weatherford:

- No capital projects in FY15. This library is scheduled for re-carpeting and construction activity in FY16.

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 the library and held these deposits in the name of their group. Changes in banking laws over the last decade are making it more difficult for these advisory boards to bank in their own name, as their legal entity type is not easily discerned.

Currently, WPLS management is assisting each of these advisory boards in forming their own 501(c)3 Friends groups. Once formed, the assets of each advisory board is being transferred to these newly formed groups. This model will best satisfy the current banking regulatory environment, as well as providing each community its own tax-exempt organization to solicit donations and grants.

In FY15 Weatherford and Sentinel formed Friends groups; discussions are currently underway with Thomas to form such a group. Cheyenne and Clinton have pre-existing Friends groups (although Cheyenne's is currently considered inactive by the IRS). The Seiling Advisory Board operates under the Town of Seiling's umbrella, so they have yet to address the issue.

It is a goal of WPLS that eventually every library will have its own 501(c)3 group to raise funds that supplement library programming and provide for physical facility improvements. A tax-exempt fund raising vehicle is particularly critical when large-scale building projects are being considered such as in Thomas and Cheyenne (discussed in the next section).

Advisory Board projects in FY15:

- Cheyenne:
 - Discussed a possible library expansion in FY16

Management's Discussion & Analysis
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- Clinton:
 - Donated funds to purchase 60 new chairs for public use*
 - Donated funds to purchase new furniture for Branch Manager's office*
- Cordell
 - Raised funds for future furniture purchases by selling memorial bricks
- Seiling:
 - Advisory board members repainted entire library during re-carpeting project
- Sentinel
 - Newly formed Friends group will discuss future possibilities for a library building in FY16
- Thomas:
 - Advisory board members repainted entire library during re-carpeting project
- Weatherford:
 - Raised funds to purchase seating for new children's area*
 - Raised funds to purchase shelving for children's area*

*Joint projects with WPLS

Building Projects

No building projects were underway in FY15, although two are under serious discussion for future years.

Cheyenne:

Roger Mills County has a very large and active local genealogy society. Currently this group's books and materials are housed in the library meeting room (built in 2010). Members of this group have approached WPLS management about the possibility of expanding the library again. The group is interested in its own space within the library and there is room on the current library lot to expand to the South. The genealogy group is willing to help raise funds for a library expansion.

WPLS engaged TAP Architecture to draw plans and provide construction estimates for a 1200 sq. foot library addition. The space would be divided between WPLS and the genealogical society. WPLS is in active discussion with the Town of Cheyenne, as owners of the building. Once all necessary approval has been obtained, management is confident that the local citizens of Cheyenne and greater Roger Mills County will raise the necessary funds.

Thomas:

The Hazel Cross Library in Thomas is housed in a store-front building on Main Street. The back section of the library is a large, unfinished room of approximately 1,000 sq. foot. Two citizens groups in Thomas have approached WPLS management about using funds raised in FY15 to remodel that space into a community meeting room.

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WPLS engaged TAP architecture to draw plans and provide a construction estimate for the remodel. The current library is not ADA accessible, and any remodel of the building will also include costs to retrofit for ADA compliance.

The initial construction estimate is higher than anticipated, and several citizens in Thomas are working with WPLS management to form a Friends group. Once formed this group will discuss raising funds over a few years to remodel the space into a meeting room.

The money raised in FY15 for the Thomas library is being used to replace all furniture and floor shelving in the building. This project will be completed in FY16.

Director's Statement

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-energy staff members and supportive communities. WPLS has grown tremendously over the last five years and I look forward to seeing what we can achieve in the coming years. If you have any questions about this report or would like to request additional information, please 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, 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, 2015, 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 aggregate remaining fund information of the Western Plains Library System, as of June 30, 2015, 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 and budgetary comparison information 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 page 23 and the Notes to the Required Supplementary Information on page 24 are also presented according to Governmental Accounting Standards Board requirements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Budgetary Comparison Schedule and Notes to the RSI are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 8, 2015, 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

September 8, 2015

Western Plains Library System

Clinton, Oklahoma

Statement of Net Position

June 30, 2015

	<u>Governmental Activities</u>	<u>Enterprise Activities</u>	<u>Total</u>
<u>Current Assets</u>			
Cash and Cash Equivalents	\$ 1,256,455	\$ 4,482	\$ 1,260,937
Investments	100,000	0	100,000
Ad Valorem Tax Receivable	218,839	0	218,839
Prepaid Assets	53,099	0	53,099
Inventory	0	1,594	1,594
	<hr/>	<hr/>	<hr/>
Total Current Assets	1,628,393	6,076	1,634,469
<u>Other Assets</u>			
Fixed Assets, Net of Accum Depr.	1,277,061	0	1,277,061
	<hr/>	<hr/>	<hr/>
Total Other Assets	1,277,061	0	1,277,061
	<hr/>	<hr/>	<hr/>
Total Assets	\$ 2,905,454	\$ 6,076	\$ 2,911,530
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<u>Liabilities</u>			
Accounts Payable	\$ 28,464	\$ 0	\$ 28,464
Unpaid Compensated Absences	44,926	0	44,926
Accrued Payroll	21,946	0	21,946
	<hr/>	<hr/>	<hr/>
Total Liabilities	95,336	0	95,336
<u>Net Assets</u>			
Invested in Capital Assets, Net of Debt	1,277,061	0	1,277,061
Restricted	0	6,076	6,076
Unrestricted	1,533,057	0	1,533,057
	<hr/>	<hr/>	<hr/>
Total Net Assets	2,810,118	6,076	2,816,194
	<hr/>	<hr/>	<hr/>
Total Net Assets and Liabilities	\$ 2,905,454	\$ 6,076	\$ 2,911,530
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Please see accompanying notes to the financial statements.

Western Plains Library System

Clinton, Oklahoma
Statement of Activities
Year Ended June 30, 2015

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities	Total
Primary Government							
Governmental Activities:							
Operating Expenses	\$ 414,684	\$ 16,110	\$ 46,210	\$ 0	\$ (352,364)	\$ 0	\$ (352,364)
Personnel Services	1,166,014	0	0	0	(1,166,014)	0	(1,166,014)
Informational Materials	302,620	0	251,000	0	(51,620)	0	(51,620)
Public & Technical Services	60,891	0	0	0	(60,891)	0	(60,891)
Total Governmental Activities	1,944,209	16,110	297,210	0	(1,630,889)	0	(1,630,889)
Business Type Activities:							
Sales	3,423	1,747	0	0	(1,676)	(1,676)	(1,676)
Total Business Type Activities	3,423	1,747	0	0	(1,676)	(1,676)	(1,632,565)
Total Primary Government	\$ 1,947,632	\$ 17,857	\$ 297,210	\$ 0	(1,630,889)	(1,676)	(1,632,565)
General Revenue							
Ad Valorem Tax					1,960,125	0	1,960,125
Interest					2,765	0	2,765
Miscellaneous					26,131	0	26,131
Donations					4,111	0	4,111
Transfers					(2,499)	2,499	0
Total General Revenue					1,990,633	2,499	1,993,132
Change in Net Assets					359,744	823	360,567
Net Assets, June 30, 2014					2,450,374	5,253	2,455,627
Net Assets, June 30, 2015					\$ 2,810,118	\$ 6,076	\$ 2,816,194

Please see accompanying notes to the financial statements.

Western Plains Library System

Clinton, Oklahoma

Balance Sheet

Governmental Funds

June 30, 2015

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Assets</u>			
Petty Cash	\$ 50	\$ 0	\$ 50
Cash - Mid First Bank	826,192	0	826,192
Cash - OK Bank and Trust	63,079	10,157	73,236
Cash - First Bank and Trust	0	6,957	6,957
Cash - Bank of Cordell	350,020	0	350,020
CD - Security State	100,000	0	100,000
Ad Valorem Tax Receivable	218,839	0	218,839
Prepaid Assets	53,099	0	53,099
Fixed Assets	1,921,621	0	1,921,621
Accumulated Depreciation	(1,921,621)	0	(1,921,621)
Total Assets	<u>\$ 1,611,279</u>	<u>\$ 17,114</u>	<u>\$ 1,628,393</u>
<u>Liabilities</u>			
Accrued Payroll	\$ 21,946	\$ 0	\$ 21,946
Accounts Payable	28,464	0	28,464
Unpaid Compensated Absences	44,926	0	44,926
Total Liabilities	<u>95,336</u>	<u>0</u>	<u>95,336</u>
<u>Fund Balance</u>			
Nonspendable	53,099	0	53,099
Restricted	0	0	0
Committed	0	0	0
Assigned	323,000	500	323,500
Unassigned	1,139,844	16,614	1,156,458
Total Fund Balance	<u>1,515,943</u>	<u>17,114</u>	<u>1,533,057</u>
Total Liabilities and Fund Balance	<u>\$ 1,611,279</u>	<u>\$ 17,114</u>	

Please see accompanying notes to the financial statements.

Western Plains Library System

Clinton, Oklahoma

Balance Sheet

Governmental Funds

June 30, 2015

Fund Balances	\$ 1,533,057
Amounts Reported for Governmental Activities in the	

Add Back: Capital Outlay

Statement of Net Position are different because:

Capital Assets Used by Governmental Activities of \$1,921,621

Net of Accumulated Depreciation of \$644,560 are not financial resources and, therefore, are not reported in the funds.

1,277,061

Net Position of Governmental Activities

\$ 2,810,118

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, 2015

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Revenue</u>			
Ad Valorem Tax Revenue	\$ 1,960,125	\$ 0	\$ 1,960,125
Private Grants	251,000	0	251,000
State Aid	46,210	0	46,210
Miscellaneous Revenue	26,131	0	26,131
Branch Library Income	15,250	0	15,250
Interest Income	2,737	28	2,765
Collection Income	860	0	860
Donations	0	4,111	4,111
Total Revenue	<u>2,302,313</u>	<u>4,139</u>	<u>2,306,452</u>
<u>Expenditures</u>			
Personnel Services			
Salaries and Wages	866,220	0	866,220
Employee Insurance	119,576	0	119,576
Payroll Taxes	71,196	0	71,196
Retirement Costs	35,151	0	35,151
Total Personnel Services	<u>1,092,143</u>	<u>0</u>	<u>1,092,143</u>
Informational Materials			
Books - Print	109,287	1,813	111,100
Databases	61,706	0	61,706
Downloadables	50,417	0	50,417
Audio Books	26,061	0	26,061
DVDs	23,680	0	23,680
Magazines/Newspapers	7,140	0	7,140
Vendor Processing	2,569	0	2,569
Microfilm	775	0	775
Total Informational Materials	<u>281,635</u>	<u>1,813</u>	<u>283,448</u>
Public and Technical Services			
Programming Fees & Supplies	45,300	0	45,300
Technical Services	11,733	0	11,733
Total Public & Technical Services	<u>57,033</u>	<u>0</u>	<u>57,033</u>
Operating Expenses			
Internet Access	66,812	0	66,812
Insurance	39,506	0	39,506

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, 2015

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Expenditures (cont.)</u>			
Building Maintenance	\$ 33,712	\$ 0	\$ 33,712
Advertising & Marketing	30,553	0	30,553
Professional Development	28,226	0	28,226
Staff Development	26,265	0	26,265
Professional Consulting	24,376	0	24,376
Equipment Expense	20,306	0	20,306
Contingency Expense	17,252	0	17,252
Vehicle Expense	16,514	0	16,514
Travel	14,720	0	14,720
Supplies	13,555	0	13,555
Utilities	11,657	0	11,657
Postage and Freight	10,828	0	10,828
Computer & Equipment Expense	9,911	0	9,911
Furniture Expense	8,100	0	8,100
Human Resources Expense	7,016	0	7,016
Collection Agency	4,116	0	4,116
Miscellaneous Expense	1,308	0	1,308
Rent Expense	924	0	924
Banking Service Fees	665	90	755
Pass Through Expenses	0	2,000	2,000
Capital Outlay (Depreciation)	262,357	0	262,357
Total Operating Expenses	<u>648,679</u>	<u>2,090</u>	<u>650,769</u>
Total Expenditures	2,079,490	3,903	2,083,393
Revenue Over (Under) Expenditures	222,823	236	223,059
Fund Balance, June 30, 2014	<u>1,293,120</u>	<u>16,878</u>	<u>1,309,998</u>
Fund Balance, June 30, 2015	<u>\$ 1,515,943</u>	<u>\$ 17,114</u>	<u>\$ 1,533,057</u>

Please see accompanying notes to the financial statements.

Western Plains Library System
Clinton, Oklahoma
Enterprise Fund
Statement of Net Assets
Year Ended June 30, 2015

<u>Assets</u>		
Current Assets:		
Cash - MidFirst Bank, Weatherford	\$	4,482
Inventory		1,594
Total Current Assets	\$	6,076
Noncurrent Assets:		
Capital Assets		0
Accumulated Depreciation		0
Total Noncurrent Assets		0
Total Assets	\$	6,076
 <u>Liabilities</u>		
Unearned Revenue	\$	0
Total Liabilities	\$	0
 <u>Net Assets</u>		
Restricted		6,076
Total Net Assets		6,076
Total Net Assets and Liabilities	\$	6,076

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 Assets
Year Ended June 30, 2015

<u>Operating Revenue</u>	
Sales	\$ 1,747
 <u>Operating Expense</u>	
Cost of Inventory	<u>3,423</u>
Net Operating Income (Loss)	(1,676)
 <u>Nonoperating Revenue (Expense)</u>	
Transfers from Western Plains	
Net Nonoperating Revenue (Expense)	<u>2,499</u>
Net Revenue (Loss)	823
Total Net Assets, June 30, 2014	<u>5,253</u>
Total Net Assets, June 30, 2015	<u><u>\$ 6,076</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, 2015

<u>Cash Flows from Operating Activities</u>	
Receipts from Customers	\$ 1,747
Payments to Suppliers	<u>(2,260)</u>
Net Cash Provided (Used) by Operating Activities	(513)
<u>Cash Flows from Noncapital Financing Activities</u>	
Transfers from Western Plains	<u>2,499</u>
Net Cash Provided (Used) by Noncapital Financing Activities	2,499
<u>Cash Flows from Capital and Related Financing Activities</u>	
Capital Assets Purchased	0
Capital Assets Sold	<u>0</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	0
<u>Cash Flows from Investing Activities</u>	
Interest Income	<u>0</u>
Net Cash Provided (Used) by Investing Activities	<u>0</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,986
Cash and Cash Equivalents - June 30, 2014	<u>2,496</u>
Cash and Cash Equivalents - June 30, 2015	<u><u>\$ 4,482</u></u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities</u>	
Operating Income (Loss)	\$ (1,676)
Adjustments to Reconcile Operating Income (Loss) to Cash Provided by Operating Activities	
Decrease in Inventory	<u>1,163</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ (513)</u></u>

Please see accompanying notes to the financial statements.

Western Plains Library System

Clinton, Oklahoma

Notes to Financial Statements

Year Ended June 30, 2015

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 all cities in the four counties with populations of 2,000 or more. 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 municipality (a political sub-division of the State of Oklahoma), the System is exempt from federal and state income taxes.

Note 2 – Fund Accounting

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

Western Plains Library System

Clinton, Oklahoma

Notes to Financial Statements

Year Ended June 30, 2015

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 list below.

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

Proprietary Fund Types

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

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

Western Plains Library System

Clinton, Oklahoma

Notes to Financial Statements

Year Ended June 30, 2015

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

Note 3 – Budgetary Accounting

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

Note 4 – Cash and Cash Equivalents

Cash and cash equivalents include the following accounts:

General Fund		
MidFirst Bank-Investment	\$	817,774
Bank of Cordell Childrens Trust		350,020
Oklahoma Bank and Trust		63,079
MidFirst Bank-Checking		8,418
MidFirst Bank-Sales Acct		4,482
Petty Cash		50
Memorial Fund		
Oklahoma Bank and Trust		10,157
Friends of The Library Fund		
First Bank and Trust		6,957
	\$	<u>1,260,937</u>

The cash on deposit with MidFirst Bank of Clinton, Oklahoma, is not only covered by FDIC insurance (up to \$250,000) but also a collateral pledge of \$1,250,000 to cover deposits in excess of the FDIC coverage. The cash on deposit with Bank of Cordell is also covered by FDIC insurance (up to \$250,000) and has a collateral pledge of \$100,000 to cover excess deposits.

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.

Western Plains Library System

Clinton, Oklahoma

Notes to Financial Statements

Year Ended June 30, 2015

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

	<u>A</u>	<u>B</u>	<u>C</u>	<u>Total</u>
Cash	<u>\$ 1,260,887</u>	<u>\$ 0</u>	<u>\$ 50</u>	<u>\$ 1,260,937</u>

Note 5 – Investments

The System invests \$100,000 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 16, 2015.

Note 6 – Ad Valorem Taxes Receivable

Roger Mills County owes the System the majority of the outstanding ad valorem taxes. Several major industries in that county claim an ad valorem manufacturer exemption. The State of Oklahoma will reimburse the county for the industries that claim this exemption. Roger Mills County has a policy of not passing along the ad valorem taxes for these industries until they receive the money from the State. Roger Mills County expects to be able to pass the 2014/2015 funds to the System in the 2015/2016 fiscal year.

Note 7 – Prepaid Assets

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

Prepaid Equipment Maintenance Contract	\$ 8,387
Prepaid Insurance	18,512
Prepaid Subscriptions	<u>26,200</u>
Total	<u>\$ 53,099</u>

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

Western Plains Library System

Clinton, Oklahoma

Notes to Financial Statements

Year Ended June 30, 2015

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 07/01/2014	\$ 1,804,275	\$ 666,788
Additions	262,357	93,358
Disposals	(145,011)	(115,586)
Balance as of 06/30/2015	<u>\$ 1,921,621</u>	<u>\$ 644,560</u>

Note 9 – Accrued Payroll and Compensated Absences

The System accrues a payroll liability and a liability for vacation pay or other compensated absences. The cost is recognized when a claim is made for the accrued compensation by the employee. The amount of earned unpaid compensated absences liability at June 30, 2015 was approximately \$44,926. The amount of earned unpaid compensation at June 30, 2015 was \$21,946.

Note 10 – Reserve Fund Balance

The governing board has set aside a portion of the fund balance as an equipment replacement reserve. The reserve fund balance as of June 30, 2015 was as follows:

Vehicle Replacement	\$ 173,000
Computer Reserve	\$ 100,000
Building Maintenance	\$ 50,000

The restrictions for vehicle replacement, computer reserve and building maintenance are imposed by the Board of Trustees action only; consequently, the restrictions may be rescinded by action of the Board.

Note 11 – Tax Revenues

Approximately 84.33% 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,

Western Plains Library System

Clinton, Oklahoma

Notes to Financial Statements

Year Ended June 30, 2015

Roger Mills, and Washita counties. Approximately 66.07% of the ad valorem tax revenues were received in December 2014 and January 2015.

<u>Ad Valorem Tax Revenue</u>	
Custer County	\$ 968,754
Dewey County	305,609
Roger Mills County	196,195
Washita County	<u>270,728</u>
Total	<u>\$ 1,741,286</u>

Note 12 – Insurance Coverage

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

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

Note 13 – Grant Revenues

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

	<u>Grant Receipts</u>	<u>Grant Expenditures</u>
Childrens Reading Charitable Trust		
Childrens Programs	<u>\$ 251,000</u>	<u>\$ 0</u>
Total	<u>\$ 251,000</u>	<u>\$ 0</u>

Note 14 – Retirement Plan

In January 2006, the System adopted a SEP/457 combination retirement plan with Waddell and Reed Financial Services. The plan is flexible as to the amount of contribution for the employers

Western Plains Library System
Clinton, Oklahoma
Notes to Financial Statements
Year Ended June 30, 2015

and employees. The employer can determine the percentage of salaries to contribute on an annual basis. Contributions are optional by the employees; however, the employee must be 18 years old to qualify for participation in the plan, must have completed one year of service, and must have earned at least \$500 during the preceding year. Currently, the employer is paying 5% of the employee salary to the plan. The previous plan employee accounts were rolled over into the new plan.

Total pension cost for the current year and the previous two years.

	6/30/15	6/30/14	6/30/13
Employer Contributions	\$ 35,048	\$ 30,490	\$ 26,626
Employee Contributions	23,496	22,529	26,434
Total	\$ 58,544	\$ 53,019	\$ 53,060

Note 15 – 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 16 – Contingencies

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

Note 17 – Use of FEIN by other Friends of the Library Boards

Western Plains Library System (WPLS) currently has allowed the use of their FEIN by other local advisory boards to open bank accounts using their FEIN number. WPLS is in the process of helping these advisory boards obtain tax-exempt status and obtain their own FEIN number. Once formed, the assets of each advisory board will be transferred to the newly formed 501(c)3. These accounts are immaterial to the financial statements of WPLS; therefore, they have not been included in the audited financial statements or the supplementary schedules.



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

Board of Trustees
Western Plains Library System
Clinton, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities and the aggregate remaining fund information of the Western Plains Library System, as of and for the year ended June 30, 2015, 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 8, 2015.

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

Lawton, Oklahoma
September 8, 2015

Western Plains Library System

Clinton, Oklahoma

General Fund

Statement of Revenue, Expenditures, and Changes in Fund Balance

Budget and Actual

Year Ended June 30, 2015

	Budget	Actual	(Over) Under Budget
<u>Revenue</u>			
Ad Valorem Taxes	\$ 1,900,000	\$ 1,960,125	\$ (60,125)
State Aid	48,000	46,210	1,790
Branch Library Income	12,000	15,250	(3,250)
Interest Income	3,500	2,737	763
Collection Agency Income	1,500	860	640
Miscellaneous Income	500	26,131	(25,631)
Grant Revenue	0	251,000	(251,000)
Total Revenue	1,965,500	2,302,313	(336,813)
<u>Expenditures</u>			
Personnel Services			
Salaries and Wages	\$ 925,000	\$ 866,220	\$ 58,780
Employee Insurance	127,000	119,576	7,424
Payroll Taxes	66,500	71,196	(4,696)
Retirement Costs	40,000	35,151	4,849
Total Personnel Services	1,158,500	1,092,143	66,357
Informational Materials			
Books - Print	110,000	109,287	713
Databases	58,500	61,706	(3,206)
Downloadables	50,000	50,417	(417)
Audio Books	27,500	26,061	1,439
DVDs	20,000	23,680	(3,680)
Magazines/Newspapers	10,750	7,140	3,610
Vendor Processing	3,500	2,569	931
Microfilm	800	775	25
Total Informational Materials	281,050	281,635	(585)
Public and Technical Services			
Programming Fees & Supplies	35,000	45,300	(10,300)
Technical Services	15,000	11,733	3,267
Total Public and Technical Services	50,000	57,033	(7,033)

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, 2015

	<u>Budget</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
Operating Expenses			
Internet Access	\$ 68,000	\$ 66,812	\$ 1,188
Insurance	41,000	39,506	1,494
Professional Development	30,000	28,226	1,774
Building Maintenance	28,000	33,712	(5,712)
Advertising & Marketing	27,000	30,553	(3,553)
Staff Development	25,000	26,265	(1,265)
Vehicle Expense	22,000	16,514	5,486
Professional Consulting	20,000	24,376	(4,376)
Contingency Expense	18,000	17,252	748
Equipment Expense	16,000	20,306	(4,306)
Supplies	14,000	13,555	445
Computer	13,500	9,911	3,589
Utilities	13,000	11,657	1,343
Travel	12,000	14,720	(2,720)
Postage and Freight	10,500	10,828	(328)
Furniture Expense	8,000	8,100	(100)
Human Resources Expense	7,000	7,016	(16)
Collection Agency Expense	5,000	4,116	884
Miscellaneous Expense	2,000	1,308	692
Banking Service Fees	1,000	665	335
Rent Expense	1,000	924	76
Capital Outlay	78,242	262,357	(184,115)
Total Operating Expenses	<u>460,242</u>	<u>648,679</u>	<u>(188,437)</u>
Total Expenditures	<u>1,949,792</u>	<u>2,079,490</u>	<u>(129,698)</u>
<u>Revenue Over (Under) Expenditures</u>	<u>\$ 15,708</u>	<u>\$ 222,823</u>	<u>\$ (207,115)</u>
<u>Fund Balance, June 30, 2014</u>	<u>15,937</u>	<u>1,293,120</u>	<u>(1,277,183)</u>
<u>Fund Balance, June 30, 2015</u>	<u>\$ 31,645</u>	<u>\$ 1,515,943</u>	<u>\$ (1,484,298)</u>

Please see accompanying notes to the financial statements.

Western Plains Library System
Clinton, Oklahoma
Notes to Required Supplemental Information
Year Ended June 30, 2015

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, 2015

<u>Assets</u>	<u>Memorial Fund</u>	<u>Friends of the Library Fund</u>	<u>Total</u>
Cash and Cash Equivalents	\$ 10,157	\$ 6,957	\$ 17,114
Total Assets	<u>\$ 10,157</u>	<u>\$ 6,957</u>	<u>\$ 17,114</u>
<u>Liabilities and Fund Balance</u>			
Fund Balance			
Assigned	\$ 0	\$ 500	\$ 500
Unassigned	10,157	6,457	16,614
Total Liabilities and Fund Balance	<u>\$ 10,157</u>	<u>\$ 6,957</u>	<u>\$ 17,114</u>

Please see accompanying notes to the financial statements.

Western Plains Library System

Clinton, Oklahoma

Combining Statement of Revenue, Expenditures, and Changes in Fund Balance Nonmajor Governmental Funds Year Ended June 30, 2015

<u>Revenue</u>	<u>Memorial Fund</u>	<u>Friends of the Library Fund</u>	<u>Total</u>
Donations and Fund Raising	\$ 775	\$ 3,336	\$ 4,111
Interest Income	28	0	28
Total Revenue	803	3,336	4,139
<u>Expenditures</u>			
Bank Service Charges	60	30	90
Books and Supplies	795	1,018	1,813
Building Improvements	0	0	0
Pass Through Expenses	0	2,000	2,000
Total Expenditures	855	3,048	3,903
 <u>Revenue Over (Under) Expenditures</u>	 (52)	 288	 236
 <u>Fund Balance, June 30, 2014</u>	 10,209	 6,669	 16,878
 <u>Fund Balance, June 30, 2015</u>	 <u>\$ 10,157</u>	 <u>\$ 6,957</u>	 <u>\$ 17,114</u>

Please see accompanying notes to the financial statements.

Western Plains Library System
Clinton, Oklahoma
Children's Reading Charitable Trust Grant
Revenue and Expenditures Compared with Budget
Year Ended June 30, 2015

	<u>Budget</u>	<u>Total</u>	<u>(Over) Under Budget</u>
<u>Revenue</u>			
Grant	\$ 251,000	\$ 251,000	\$ 0
Total Income	251,000	251,000	0
<u>Expenditures</u>			
Children's Programs	251,000	0	251,000
Total Expenditures	251,000	0	251,000
<u>Revenue Over (Under) Expenditures</u>	<u>\$ 0</u>	<u>\$ 251,000</u>	<u>\$ 251,000</u>

**This is a three (3) year grant that was received on June 20, 2015.
 No funds have been spent yet and WPLS has until
 June 20, 2018, to have all funds spent.

Please see accompanying notes to the financial statements.