

**INDEPENDENT
ACCOUNTANT'S AUDIT REPORT**

**SOUTHERN PRAIRIE
LIBRARY SYSTEM**

JUNE 30, 2018

BY



Southern Prairie Library System

Altus, Oklahoma

Year Ended June 30, 2018

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Southern Prairie Library System
Altus, Oklahoma

We have audited the accompanying modified cash basis financial statements of the governmental activities, the discretely-presented component unit, the major fund, and the aggregate remaining fund information of Southern Prairie Library System (the System), Altus, Oklahoma, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the 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 the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

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 modified cash basis financial position of the governmental activities, the discretely-presented component unit, each major fund, and the aggregate remaining fund information of the System as of June 30, 2018, and the respective changes in modified cash basis financial position, and thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the System's basic financial statements. The budgetary comparison information on pages 21 - 22 and supplementary grant schedules, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying supplemental schedules and information was subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

The System has not presented the management's discussion and analysis that the *Governmental Accounting Standards Board* has determined is necessary to supplement, although not required to be a part of, the basic financial statements. Our opinion is not modified with respect to this omission.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2018, on our consideration of the System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 System's internal control over financial reporting and compliance.

Furrh & Associates, PC

FURRH & ASSOCIATES, PC

Lawton, Oklahoma

November 15, 2018

Southern Prairie Library System

Altus, Oklahoma

Statement of Net Position

(Modified Cash Basis)

June 30, 2018

ASSETS

	<u>Governmental Activities</u>	<u>Great Plains Literacy Council</u>
<u>Current Assets</u>		
Cash and Cash Equivalents	\$ 1,208,916	\$ 17,342
Total Current Assets	1,208,916	17,342
<u>Other Assets</u>		
Capital Assets	362,131	0
Accumulated Depreciation	(288,669)	0
Other Assets	23,495	0
Total Other Assets	96,957	0
Total Assets	\$ 1,305,873	\$ 17,342

LIABILITIES & NET POSITION

<u>Liabilities</u>		
Payroll Liabilities	\$ 0	\$ 0
Total Liabilities	0	0
<u>Net Position</u>		
Net Investment in Capital Assets	73,462	0
Restricted	0	17,342
Unrestricted	1,232,411	0
Total Net Position	1,305,873	17,342
Total Liabilities & Net Position	\$ 1,305,873	\$ 17,342

Please see accompanying notes to the financial statements.

Southern Prairie Library System
Altus, Oklahoma
Statement of Activities
(Modified Cash Basis)
Year Ended June 30, 2018

		Program Revenue			Net (Expense) Revenue and Changes in Net Position		
		Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Discretely Presented Component Unit
Functions/Programs							
Primary Government:							
Governmental Activities:							
	Library Services	\$ 586,410	\$ 7,654	\$ 5,249	\$ 0	\$ (573,507)	
	Total Government Activities	\$ 586,410	\$ 7,654	\$ 5,249	\$ 0	\$ (573,507)	
Component Unit:							
	Great Plains Literacy Council	49,488	0	48,196	0		\$ (1,292)
	Total Component Units	\$ 49,488	\$ 0	\$ 48,196	\$ 0		\$ (1,292)
General Revenue							
	Property Taxes				669,041		0
	State Aid				17,974		0
	Miscellaneous				8,069		0
	Investment Income				6,095		0
	Total General Revenue				701,179		0
	Change in Net Position				127,672		(1,292)
	Net Position, June 30, 2017				1,178,201		18,634
	Net Position, June 30, 2018				\$ 1,305,873		\$ 17,342

Please see accompanying notes to the financial statements.

Southern Prairie Library System

Altus, Oklahoma

Balance Sheet

(Modified Cash Basis)

Governmental Funds

June 30, 2018

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Assets</u>			
Cash - Change Fund	\$ 40	\$ 0	\$ 40
Cash - Herring Bank	1,094,200	0	1,094,200
Cash - National Bank of Commerce	38,844	0	38,844
Cash - Great Plains National Bank	17,519	0	17,519
Cash - Stockmans Bank	12,253	0	12,253
Cash - Midfirst Bank CD	6,541	0	6,541
Cash - First National Bank	0	39,519	39,519
Stock - Principal Financial Group	23,436	0	23,436
Accrued Interest Income	59	0	59
Total Assets	<u>\$ 1,192,892</u>	<u>\$ 39,519</u>	<u>\$ 1,232,411</u>
<u>Liabilities</u>			
Payroll Liabilities	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Total Liabilities	0	0	0
<u>Fund Balance</u>			
Nonspendable	0	0	0
Restricted	0	39,519	39,519
Committed	0	0	0
Assigned	0	0	0
Unassigned	1,192,892	0	1,192,892
Total Fund Balance	<u>1,192,892</u>	<u>39,519</u>	<u>1,232,411</u>
Total Liabilities and Fund Balance	<u>\$ 1,192,892</u>	<u>\$ 39,519</u>	

Please see accompanying notes to the financial statements.

Southern Prairie Library System
Altus, Oklahoma
Balance Sheet
(Modified Cash Basis)
Governmental Funds
June 30, 2018

Fund Balances	\$ 1,232,411
Amounts Reported for Governmental Activities in the Statement of Net Position are different because:	
Capital Assets Used by Governmental Activities of \$362,131	
Net of Accumulated Depreciation of \$288,669 are not financial resources and, therefore, are not reported in the funds.	<u>73,462</u>
Net Position of Governmental Activities	<u><u>\$ 1,305,873</u></u>

Please see accompanying notes to the financial statements.

Southern Prairie Library System
Altus, Oklahoma
Statement of Revenue, Expenditures, and Changes in Fund Balance
(Modified Cash Basis)
Governmental Funds
Year Ended June 30, 2018

	<u>General</u> <u>Fund</u>	<u>Other</u> <u>Governmental</u> <u>Funds</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
<u>Revenue</u>			
Property Taxes	\$ 669,041	\$ 0	\$ 669,041
State Aid	17,974	0	17,974
Charges for Services	7,654	0	7,654
Interest and Dividend Income	6,014	81	6,095
Miscellaneous Revenue	8,069	0	8,069
Contributions	55	2,541	2,596
Grant Revenue - State	2,175	0	2,175
Grant Revenue - Private	478	0	478
Total Revenue	<u>711,460</u>	<u>2,622</u>	<u>714,082</u>
<u>Expenditures</u>			
Salaries and Wages	303,109	0	303,109
Informational Materials	104,049	0	104,049
Contract Services	40,888	0	40,888
Health Insurance	39,355	0	39,355
Payroll Taxes and Insurance	27,147	0	27,147
Capital Outlay	22,538	105	22,643
Revaluation	10,864	0	10,864
Supplies	8,521	685	9,206
Program Expense	8,548	0	8,548
Equipment Expense	7,609	0	7,609
Insurance and Bond	4,261	0	4,261
Postage and Freight	3,397	0	3,397
Miscellaneous and Other Expense	1,504	879	2,383
Travel	1,363	0	1,363
Automobile Expense	1,229	0	1,229
Dues and Subscriptions	216	0	216
Telephone	3,809	0	3,809
Total Expenditures	<u>588,407</u>	<u>1,669</u>	<u>590,076</u>
Revenue Over (Under) Expenditures	123,053	953	124,006
Fund Balance, June 30, 2017	<u>1,069,839</u>	<u>38,566</u>	<u>1,108,405</u>
Fund Balance, June 30, 2018	<u>\$ 1,192,892</u>	<u>\$ 39,519</u>	<u>\$ 1,232,411</u>

Please see accompanying notes to the financial statements.

Southern Prairie Library System
Altus, Oklahoma
Statement of Revenue, Expenditures, and Changes in Fund Balance
(Modified Cash Basis)
Governmental Funds
Year Ended June 30, 2018

Reconciliation to Statement of Activities

Net Changes in Fund Balance - Total Governmental Funds	\$ 124,006
Government Funds report Capital Outlay as expenditures while Governmental Activities report depreciation expense to allocate those expenditures over the life of the assets.	
Capital Assets Purchases and Capitalized	22,538
Depreciation Expense	<u>(18,872)</u>
Change in Net Assets of Governmental Activities	<u><u>\$ 127,672</u></u>

Please see accompanying notes to the financial statements.

Southern Prairie Library System
Altus, Oklahoma
Component Unit - Statement of Net Position
(Modified Cash Basis)
June 30, 2018

	<u>Great Plains Literacy Council</u>
<u>Assets</u>	
Cash and Cash Equivalents	\$ <u>17,342</u>
Total Assets	\$ <u><u>17,342</u></u>
<u>Liabilities and Fund Balance</u>	
Liabilities	\$ 0
Fund Balance	
Restricted	<u>17,342</u>
Total Liabilities and Fund Balance	\$ <u><u>17,342</u></u>

Please see accompanying notes to the financial statements.

Southern Prairie Library System
Altus, Oklahoma
Component Unit - Statement of Activities
(Modified Cash Basis)
Year Ended June 30, 2018

	<u>Great Plains Literacy Council</u>
	Revenue
Grants	\$ 37,513
Miscellaneous Income	10,683
	<hr/>
Total Revenue	48,196
	Expenditures
Direct Grant Expenditures	47,002
Payroll Expenses	724
Supplies	537
Insurance	371
Contract Services	350
Dues & Subscriptions	229
Postage and Delivery	225
Miscellaneous	50
	<hr/>
Total Expenditures	49,488
	<hr/>
<u>Revenue Over (Under) Expenditures</u>	(1,292)
	<hr/>
<u>Fund Balance, June 30, 2017</u>	18,634
	<hr/>
<u>Fund Balance, June 30, 2018</u>	\$ 17,342
	<hr/> <hr/>

Please see accompanying notes to the financial statements.

Southern Prairie Library System

Altus, Oklahoma

Notes to Financial Statements

Year Ended June 30, 2018

Note 1 – Summary of Significant Accounting Policies

The Southern Prairie 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 Jackson and Harmon Counties, and by all cities in the two counties with populations of 2,000 or more. Presently, there are only two cities, Altus and Hollis, 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.

Based on an overall evaluation of the foregoing criteria, the Great Plains Literacy Council Fund is included in the System's annual report as a discretely-presented component unit. The Great Plains Literacy Council, Inc. is a corporation recognized under section 501(c)3 of the Internal Revenue Code as a tax-exempt nonprofit corporation. The System is the beneficiary of the Great Plains Literacy Council Fund, which is designated to the support of the literacy programs provided by the System. Management of the Great Plains Literacy Council Fund is delegated by its board of directors to the System's management.

The Southern Prairie Library System keeps its records and prepares its financial statements on the modified cash basis of accounting. Revenues and the related assets are recognized when received, and expenditures are recognized when paid. This method of accounting is permitted under the laws of State of Oklahoma, but is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The System has elected not to follow generally accepted accounting principles and to continue to prepare its financial statements on the modified cash basis of accounting.

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.

Southern Prairie Library System

Altus, Oklahoma

Notes to Financial Statements

Year Ended June 30, 2018

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.

At the end of the fiscal year, the books are held open until checks were issued for all purchases or encumbrances for the year.

The System provides no pension or retirement benefits to its employees. Therefore, no pension accounting information is included in the financial statements.

The nature and amounts of adjustments necessary to reconcile the differences between the basis used to account for actual revenues and expenditures and accounting principles generally accepted in the United States of America cannot readily be determined.

Note 2 – Fund Accounting

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

Governmental Fund Types

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

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

- a. Special Acquisition Fund
- b. Plant Replacement Fund

Discretely-Presented Component Unit – Great Plains Literacy Council

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.

Southern Prairie Library System
Altus, Oklahoma
Notes to Financial Statements
Year Ended June 30, 2018

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.

Note 3 – Budgetary Accounting

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

Note 4 – Cash and Cash Equivalents

Cash and cash equivalents include the following accounts:

General Fund	
Herring Bank - Checking	\$ 1,094,200
National Bank of Commerce - Money Market	38,844
Great Plains National Bank - Money Market	17,519
Stockmans Bank - Checking	12,253
Change Fund	40
Other Governmental Funds	
First National Bank - Acquisitions Savings	38,247
First National Bank - Replacement Savings	1,272
Great Plains Literacy Council	
National Bank of Commerce	17,342
	<u>\$ 1,219,717</u>

The cash on deposit with the Herring Bank of Altus, Oklahoma, is not only covered by F.D.I.C. insurance (up to \$250,000.00) but also a collateral pledge of \$1,000,000 to cover deposits in excess of the F.D.I.C. coverage.

Southern Prairie Library System

Altus, Oklahoma

Notes to Financial Statements

Year Ended June 30, 2018

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	\$ 1,219,677	\$ 0	\$ 40	\$ 1,219,717

Note 5 – Investments

The System invests \$6,541 in a Certificate of Deposit at the MidFirst Bank in Altus, Oklahoma. The interest rate on this investment is 0.896%. The interest pays at maturity. The maturity date is July 2, 2019.

The System owns 1,116 shares of Principal Financial Group stock. This stock was acquired in October 2001 when Principal Financial Group changed from a mutual company to a stock company. The value of the stock at acquisition was approximately \$23,436 with a market value of \$58,534 at June 30, 2018.

Note 6 – Fixed Assets

All capital assets acquired prior to June 30, 2004 were considered to be fully depreciated. All fixed assets acquired before June 30, 2004 were valued at historical cost or estimated historical cost if actual historical cost was not available. Amounts were recorded for fixed asset purchases, for control purposes, with a corresponding amount recorded in the accumulated depreciation account. Donated assets were valued at their estimated fair market value as of the date donated. The System has adopted a capitalization policy of not recording, for depreciation purposes, items costing less than \$1,500 per unit.

Southern Prairie Library System
Altus, Oklahoma
Notes to Financial Statements
Year Ended June 30, 2018

Current year changes in fixed assets were as follows:

	Property, Plant and Equipment	Accumulated Depreciation
Balance as of 07/01/2017	\$ 339,593	\$ 269,797
Additions	22,538	18,872
Disposals	0	0
Balance as of 06/30/2018	\$ 362,131	\$ 288,669

Note 7 – Compensated Absences

Due to the accounting method chosen by the System, modified cash basis, the compensated absences liability is not recorded on the financial statements. The accrued liability for compensated employee absences as of June 30, 2018, totals \$43,339, which includes earned but unused vacation leave.

Note 8 – Tax Revenues

Approximately 82% 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 Jackson and Harmon counties. Approximately 79% of the ad valorem tax revenues were received in December 2017 and January 2018. Property tax revenues are recognized when received.

Note 9 – Insurance Coverage

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

- Commercial Automobile Coverage
 - Liability
 - Uninsured Motorists
 - Comprehensive and Collision
- Workers Compensation
- Employer Liability
- Position Fidelity Bond
- Business Liability & Personal Property

Southern Prairie Library System
Altus, Oklahoma
Notes to Financial Statements
Year Ended June 30, 2018

Note 10 – Related Party Transactions

The cities of Altus and Hollis, Oklahoma, provide financial support to the Southern Prairie Library System by furnishing buildings and buildings operating expensing, 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 11 – 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 12 – Grant Revenues

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

Southern Prairie Library System		
	Current Year Grant Receipts	Current Year Grant Expenditures
Children's Reading Charitable Trust	\$ 0	\$ 39,085
OK Humanities Y16.091	23,489	23,114
OK Arts Council 4371-6819	1,800	0
OK Arts Council 4838-7575 FY2018	25	1,825
Total	\$ 25,314	\$ 64,024

Southern Prairie Library System
Altus, Oklahoma
Notes to Financial Statements
Year Ended June 30, 2018

Great Plains Literacy Council

	Current Year Grant Receipts	Current Year Grant Expenditures
C Watson Rural OK Comm Foundation FY 2017/2018	\$ 0	\$ 13,239
OK Department of Libraries F-16-211	0	1,252
OK Department of Libraries F-17-276	15,000	13,699
OK Department of Libraries F-17-069	0	1,173
OK Department of Libraries F-18-095	9,000	6,195
OK Department of Libraries F-18-005	8,218	8,218
Tinker Federal Credit Union	2,500	2,432
Total	<u>\$ 34,718</u>	<u>\$ 46,208</u>

Note 13 – Subsequent Events

Subsequent events were evaluated through November 15, 2018, which is the date the financial statements were available to be issued.



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

Board of Trustees
Southern Plains Library System
Altus, 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 modified cash basis financial statements of the governmental activities, the discretely-presented component unit, each major fund, and the aggregate remaining fund information of the Southern Prairie Library System (the System), Altus, Oklahoma, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the System's basic financial statements, and have issued our report thereon dated November 15, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the System's internal control over financial reporting (internal control) 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 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 System'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 System's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Furrh & Associates, PC
FURRH & ASSOCIATES, PC

Lawton, Oklahoma
November 15, 2018

Southern Plains Library System

Altus, Oklahoma

General Fund

Budgetary Comparison Schedule

(Modified Cash Basis)

Year Ended June 30, 2018

	Budget	Actual	(Over) Under Budget
<u>Revenue</u>			
Property Taxes	\$ 581,960	\$ 669,041	\$ (87,081)
State Aid	15,620	17,974	(2,354)
Miscellaneous Revenue	11,500	8,069	3,431
Charges for Services	8,500	7,654	846
Interest and Dividend Income	0	6,014	(6,014)
Grant Revenue - State	0	2,175	(2,175)
Grant Revenue - Private	0	478	(478)
Contributions	0	55	(55)
Total Revenue	617,580	711,460	(93,880)
<u>Expenditures</u>			
Salaries and Wages	\$ 378,996	\$ 303,109	\$ 75,887
Informational Materials	160,650	104,049	56,601
Health Insurance Expense	50,000	39,355	10,645
Payroll Taxes and Insurance	36,951	27,147	9,804
Contractual Services	35,000	40,888	(5,888)
Capital Outlay	27,000	22,538	4,462
Equipment Expense	24,500	7,609	16,891
Supplies	19,700	8,521	11,179
Program Expense	16,500	8,548	7,952
Telephone	15,100	3,809	11,291
Revaluation	12,000	10,864	1,136
Insurance and Bond	8,700	4,261	4,439
Travel	6,500	1,363	5,137
Automobile Expense	6,000	1,229	4,771
Postage and Freight	5,000	3,397	1,603
Miscellaneous and Other Expense	3,500	1,720	1,780
Total Expenditures	806,097	588,407	217,690
<u>Revenue Over (Under) Expenditures</u>	\$ (188,517)	\$ 123,053	\$ (311,570)
<u>Fund Balance, June 30, 2017</u>	1,069,839	1,069,839	0
<u>Fund Balance, June 30, 2018</u>	\$ 881,322	\$ 1,192,892	\$ (311,570)

Please see accompanying notes to the financial statements.

Southern Plains Library System
Altus, Oklahoma
Notes to Budgetary Comparison Schedule
Year Ended June 30, 2018

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 or its discretely-presented component unit. Specific grant funds operated within the General Fund, Special Revenue Funds and discretely-presented component unit are operated under budgets required by the grant documents. The System prepares its annual operating budget on the modified cash basis of accounting.

The System operated within its budget for the current year.

Southern Prairie Library System

Altus, OK

Children's Reading Charitable Trust Revenue and Expenditures Compared with Budget

(Modified Cash Basis)

Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>Total</u>	<u>(Over) Under Budget</u>
<u>Revenue</u>						
Grant Income	\$ 494,890	\$ 523,465	\$ 523,465	\$ 0	\$ 523,465	\$ 0
Total Revenue	494,890	523,465	523,465	0	523,465	0
<u>Expenditures</u>						
Book Collections	420,000	420,000	282,752	13,718	296,470	123,530
Children's Programming	36,000	36,000	13,689	9,568	23,257	12,743
Children's Family Reading Corners	38,890	38,890	6,860	15,799	22,659	16,231
PlayAway and AWE	0	28,575	31,177	0	31,177	(2,602)
Total Expenditures	494,890	523,465	334,478	39,085	373,563	149,902
<u>Revenue Over (Under) Expenditures</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 188,987</u>	<u>\$ (39,085)</u>	<u>\$ 149,902</u>	<u>\$ (149,902)</u>

Contract Period: 02/05/15 - 02/05/18

Please see accompanying notes to the financial statements.

Southern Prairie Library System

Altus, OK

Oklahoma Humanities

Revenue and Expenditures Compared with Budget (Modified Cash Basis)

Year Ended June 30, 2018

<u>Revenue</u>	<u>Budget</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>Total</u>	<u>(Over) Under Budget</u>
State Grant	\$ 3,750	\$ 3,375	\$ 375	\$ 3,750	\$ 0
Cost Share Funds	23,468	354	23,114	23,468	0
In Kind Donations	13,245	13,245	0	13,245	0
Total Revenue	40,463	16,974	23,489	40,463	0
<u>Expenditures</u>					
Program Expense	40,463	17,349	23,114	40,463	0
Total Expenditures	40,463	17,349	23,114	40,463	0
<u>Revenue Over (Under) Expenditures</u>	<u>\$ 0</u>	<u>\$ (375)</u>	<u>\$ 375</u>	<u>\$ 0</u>	<u>\$ 0</u>

Project No.: Y16.091

CFDA # 45.129

Oklahoma Chautauqua 2017: Cowboys and Cattle Trails

Contract Period: 02/01/2017 - 07/31/2017

Please see accompanying notes to the financial statements.

Southern Prairie Library System

Altus, OK

Oklahoma Arts Council

Revenue and Expenditures Compared with Budget (Modified Cash Basis)

Year Ended June 30, 2018

<u>Revenue</u>	<u>Budget</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>Total</u>	<u>(Over) Under Budget</u>
State Grant	\$ 1,800	\$ 0	\$ 1,800	\$ 1,800	\$ 0
Matching Funds	0	8	0	8	(8)
Total Revenue	1,800	8	1,800	1,808	(8)
<u>Expenditures</u>					
Equipment and Materials	1,800	1,808	0	1,808	(8)
Total Expenditures	1,800	1,808	0	1,808	(8)
<u>Revenue Over (Under) Expenditures</u>	<u>\$ 0</u>	<u>\$ (1,800)</u>	<u>\$ 1,800</u>	<u>\$ 0</u>	<u>\$ 0</u>

Project ID: 4371-6819

Art-itecture I

Contract Period: 07/01/2016 - 06/30/2017

Please see accompanying notes to the financial statements.

Southern Prairie Library System
Altus, OK
Oklahoma Arts Council
Revenue and Expenditures Compared with Budget
(Modified Cash Basis)
Year Ended June 30, 2018

	<u>Budget</u>	<u>Current Year</u>	<u>(Over) Under Budget</u>
<u>Revenue</u>			
State Grant	\$ 1,800	\$ 0	\$ (1,800)
Matching Funds	<u>0</u>	<u>25</u>	<u>(25)</u>
Total Revenue	1,800	25	(1,825)
<u>Expenditures</u>			
Programming Expenses	<u>1,800</u>	<u>1,825</u>	<u>(25)</u>
Total Expenditures	1,800	1,825	(25)
<u>Revenue Over (Under) Expenditures</u>	<u>\$ 0</u>	<u>\$ (1,800)</u>	<u>\$ (1,800)</u>

Project ID: FY 2018 4838-7575
Libraries Rock I
Contract Period: 06/01/2018 - 06/30/2018

Please see accompanying notes to the financial statements.

Southern Prairie Library System
Great Plains Literacy Council
 Altus, OK

Carolyn Watson Rural OK Community Foundation
Revenue and Expenditures Compared with Budget
 (Modified Cash Basis)
 Year Ended June 30, 2018

<u>Revenue</u>	<u>Budget</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>Total</u>	<u>(Over) Under Budget</u>
Grant	\$ 15,000	\$ 15,000	\$ 0	\$ 15,000	\$ 0
Matching Funds	0	0	0	0	0
Total Revenue	15,000	15,000	0	15,000	0
<u>Expenditures</u>					
Personnel	13,911	1,761	12,150	13,911	0
Travel	1,089	0	1,089	1,089	0
Total Expenditures	15,000	1,761	13,239	15,000	0
<u>Revenue Over (Under) Expenditures</u>	<u>\$ 0</u>	<u>\$ 13,239</u>	<u>\$ (13,239)</u>	<u>\$ 0</u>	<u>\$ 0</u>

Carolyn Watson Rural OK Community Foundation
 Contract Period: 05/01/2017 - 01/31/2018

Southern Prairie Library System
Great Plains Literacy Council
 Altus, OK

Oklahoma Department of Libraries
Revenue and Expenditures Compared with Budget
 (Modified Cash Basis)
 Year Ended June 30, 2018

<u>Revenue</u>	<u>Budget</u>	<u>Prior year</u>	<u>Current Year</u>	<u>Total</u>	<u>(Over) Under Budget</u>
State Grant	\$ 15,000	\$ 15,000	\$ 0	\$ 15,000	\$ 0
Matching Funds	0	0	0	0	0
Total Revenue	15,000	15,000	0	15,000	0
<u>Expenditures</u>					
Personnel	15,000	13,748	1,252	15,000	0
Total Expenditures	15,000	13,748	1,252	15,000	0
<u>Revenue Over (Under) Expenditures</u>	<u>\$ 0</u>	<u>\$ 1,252</u>	<u>\$ (1,252)</u>	<u>\$ 0</u>	<u>\$ 0</u>

Contract No.: F-16-211
 Immigration and Citizenship Services
 Contract Period: 10/01/2015 - 09/30/2017

Southern Prairie Library System
Great Plains Literacy Council
Altus, OK
Oklahoma Department of Libraries
Revenue and Expenditures Compared with Budget
(Modified Cash Basis)
Year Ended June 30, 2018

	<u>Budget</u>	<u>Current Year</u>	<u>(Over) Under Budget</u>
<u>Revenue</u>			
State Grant	\$ 15,000	\$ 15,000	\$ 0
Matching Funds	<u>0</u>	<u>0</u>	<u>0</u>
 Total Revenue	 15,000	 15,000	 0
<u>Expenditures</u>			
Personnel	<u>15,000</u>	<u>13,699</u>	<u>1,301</u>
 Total Expenditures	 15,000	 13,699	 1,301
 <u>Revenue Over (Under) Expenditures</u>	 <u>\$ 0</u>	 <u>\$ 1,301</u>	 <u>\$ (1,301)</u>

Contract No.: F-17-276
Immigration and Citizenship Services
Contract Period: 10/01/2016 - 09/30/2018

Please see accompanying notes to the financial statements.

Southern Prairie Library System
Great Plains Literacy Council
 Altus, OK

Oklahoma Department of Libraries
Revenue and Expenditures Compared with Budget
 (Modified Cash Basis)
 Year Ended June 30, 2018

<u>Revenue</u>	<u>Budget</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>Total</u>	<u>(Over) Under Budget</u>
State Grant	\$ 7,000	\$ 7,000	\$ 0	\$ 7,000	\$ 0
Matching Funds	0	0	0	0	0
Total Revenue	7,000	7,000	0	7,000	0
<u>Expenditures</u>					
Personnel	5,683	5,359	324	5,683	0
Travel	317	39	278	317	0
Supplies	1,000	429	571	1,000	0
Total Expenditures	7,000	5,827	1,173	7,000	0
<u>Revenue Over (Under) Expenditures</u>	<u>\$ 0</u>	<u>\$ 1,173</u>	<u>\$ (1,173)</u>	<u>\$ 0</u>	<u>\$ 0</u>

Contract No.: F-17-069
 Health Literacy Project - LSTA
 Contract Period: 08/12/2016 - 08/31/2017

Please see accompanying notes to the financial statements.

Southern Prairie Library System
Great Plains Literacy Council
 Altus, OK
Oklahoma Department of Libraries
Revenue and Expenditures Compared with Budget
(Modified Cash Basis)
Year Ended June 30, 2018

	<u>Budget</u>	<u>Current Year</u>	<u>(Over) Under Budget</u>
<u>Revenue</u>			
State Grant	\$ 9,000	\$ 9,000	\$ 0
Matching Funds	<u>0</u>	<u>0</u>	<u>0</u>
Total Revenue	9,000	9,000	0
<u>Expenditures</u>			
Personnel	7,316	6,195	1,121
Supplies	<u>1,684</u>	<u>0</u>	<u>1,684</u>
Total Expenditures	9,000	6,195	2,805
<u>Revenue Over (Under) Expenditures</u>	<u>\$ 0</u>	<u>\$ 2,805</u>	<u>\$ (2,805)</u>

Contract No.: F-18-095
 Health Literacy Project - LSTA
 Contract Period: 09/11/2017 - 08/31/2018

Please see accompanying notes to the financial statements.

Southern Prairie Library System
Great Plains Literacy Council
Altus, OK
Oklahoma Department of Libraries
Revenue and Expenditures Compared with Budget
(Modified Cash Basis)
Year Ended June 30, 2018

	Budget	Current Year	(Over) Under Budget
<u>Revenue</u>			
State Grant	\$ 7,880	\$ 7,880	\$ 0
Supplemental Funds	338	338	0
Total Revenue	8,218	8,218	0
<u>Expenditures</u>			
Personnel	7,644	7,644	0
Payroll Taxes	574	574	0
Total Expenditures	8,218	8,218	0
<u>Revenue Over (Under) Expenditures</u>	\$ 0	\$ 0	\$ 0

Contract No.: F-18-005
Community Literacy
Contract Period: 08/01/17 - 06/30/18

Southern Prairie Library System
Great Plains Literacy Council
Altus, OK
Oklahoma Literacy Coalition
Revenue and Expenditures Compared with Budget
(Modified Cash Basis)
Year Ended June 30, 2018

	<u>Budget</u>	<u>Current Year</u>	<u>(Over) Under Budget</u>
<u>Revenue</u>			
Grant Funds	\$ 2,500	\$ 2,500	\$ 0
Matching Funds	<u>0</u>	<u>0</u>	<u>0</u>
 Total Revenue	 2,500	 2,500	 0
<u>Expenditures</u>			
Equipment	<u>2,500</u>	<u>2,432</u>	<u>68</u>
 Total Expenditures	 2,500	 2,432	 68
 <u>Revenue Over (Under) Expenditures</u>	 <u>\$ 0</u>	 <u>\$ 68</u>	 <u>\$ (68)</u>

Grant Name: Tinker Federal Credit Union
Contract Period: 05/18/18 - 12/01/18

Please see accompanying notes to the financial statements.