

**INDEPENDENT  
ACCOUNTANT'S AUDIT REPORT  
SOUTHEASTERN PUBLIC LIBRARY SYSTEM  
OF OKLAHOMA**

**JUNE 30, 2018**

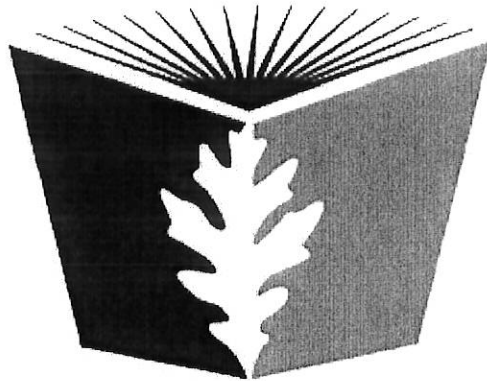
BY



**Southeastern Public Library System of Oklahoma**  
**McAlester, Oklahoma**  
**Year Ended June 30, 2018**

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Southeastern Public Library  
System of Oklahoma  
Prepared by Michael Hull, CEO

Management's Discussion and Analysis  
Southeastern Public Library System of Oklahoma  
For Fiscal Year Ending June 30, 2018

## **BACKGROUND**

Multi-County Library Systems were established and are regulated in Oklahoma as set forth by Title 65, Article 4, Sections 101-107 of the Oklahoma Statutes.

The Southeastern Public Library System of Oklahoma (SEPLSO) was established in the late 1960's when four-member counties voted to approve ad valorem taxes to support the multi-county library system. Today, SEPLSO has fifteen (15) libraries operating in the seven (7) counties of Choctaw, Coal, Haskell, Latimer, LeFlore, McCurtain, and Pittsburg. SEPLSO also contracts with six (6) communities or organizations for the operation of locally-provided, volunteer-staffed lending libraries called "reading centers" and provides paperback deposit collections called Community Reading Collections in additional communities.

As a result of county elections held in 1997-1998, financial support for SEPLSO is at four (4) mills per \$1,000 assessed valuation in all seven counties. This is the constitutional limit established by Article 10, Section 10A of the Constitution of Oklahoma. A small amount is added to the regular millage levy in counties which have eliminated the personal property tax, to compensate for the lost revenue.



**GOVERNANCE**

SEPLSO is governed by a Board of Trustees who are appointed by the city and county commissioners for the respective communities or counties they represent. For Fiscal Year 2018, the statutory authorized strength of the SEPLSO Board was 15 city/town representatives and 7 county representatives. Trustees may serve two consecutive three-year terms. An initial partial term of less than eighteen (18) months does not count toward this limit.

Fiscal Year 2018 Trustees were as follows:

<u>Board Member</u>	<u>Represents</u>	<u>Location</u>
Carol Burgess	City	Arkoma
Shelly Thomason	City	Broken Bow
Martha Gann	County	Choctaw
DeeAnn Miles	County	Coal
Janice Griffin	City	Coalgate
Patricia Warden	City	Hartshorne
Terri Moss	County	Haskell
Ron Evans	City	Heavener
Miriam Costilow	City	Hugo
Trilla Frazier	City	Idabel
Maryellen Mooney	County	Latimer
Elise Mitchell	County	LeFlore
Steve Harrison	City	McAlester
Betty Pollard	County	McCurtain
Timothy Hartsfield	County	Pittsburg
Sarma Retchloff	City	Poteau
Britney Hambright	City	Spiro
Karen Holt	City	Stigler
Kaben Smallwood	City	Talihina
Marty Henson	City	Valliant
Kay Warren	City	Wilburton
Roberta Lynch	City	Wister

**FINANCIAL OVERVIEW FOR FISCAL YEAR 2018 (July 1, 2017 - June 30, 2018)**

FY 2018 Budgeted Revenue (Income)	-	\$5,284,659
FY 2018 Actual Revenue (Income)	-	\$5,680,863
FY 2018 Budgeted Expenditures	-	\$5,453,179
FY 2018 Actual Expenditures	-	\$5,268,854

Revenue

The major portion of SEPLSO's funding in Fiscal Year 2018 (95%) came from county ad valorem taxes of four (4) mills, as mentioned above. This generated \$4,839,845 in ad valorem income for Fiscal Year 2018, compared with \$4,416,008 in ad valorem income for Fiscal Year 2017, for an increase of \$423,837 (please note that \$144,000 of the ad valorem was a back payment received in McCurtain County). This year, all seven of our counties saw strong growth.

County	FY 2018	FY 2017	\$ Change	% Change
Choctaw	\$278,638	\$264,795	\$13,843	5.23%
Coal	\$448,051	\$382,399	\$65,652	17.17%
Haskell	\$250,636	\$229,363	\$21,273	9.27%
Latimer	\$256,509	\$231,148	\$25,361	10.97%
LeFlore	\$1,005,805	\$972,235	\$33,570	3.45%
McCurtain	\$1,047,674	\$824,471	\$223,203	27.07%
Pittsburg	\$1,552,532	\$1,511,597	\$40,935	2.71%
<b>TOTAL</b>	<b>\$4,839,845</b>	<b>\$4,416,008</b>	<b>\$423,837</b>	<b>9.60%</b>

\$105,182, or 1.9% of SEPLSO's Fiscal Year 2018 income came from State Aid, administered by the Oklahoma Department of Libraries (ODL). The State Aid formula is based on population and the square miles within the library system. Despite fear of cuts in the state government's budget, the amount of state aid received slightly increased, by about \$1,000, over Fiscal Year 2017. As state funds stabilize, we expect future state aid to remain flat or to possibly increase.

Branch income, which includes fees for copying and printing, faxing, interlibrary loan, replacement or lost material charges, and any other income accepted from the public brought in an additional \$90,836, almost exactly the \$90,879 in Fiscal Year 2017. Branch income represented 1.6% of SEPLSO's Fiscal Year 2018 revenue.

Although current interest rates are low, SEPLSO's investments brought in \$36,243, which is greater than what we earned last year thanks to more CD accounts being opened and a slight increase in interest rates.

Finally, SEPLSO received \$4,136 in grants and donations during Fiscal Year 2018.

Not reflected in the regular income is \$564,630 received from an insurance claim for the May 20<sup>th</sup>, 2018 sewage backup in Poteau, \$12,300 in sales of surplus equipment, and \$12,491 in refunds.

### Expenses

As you review the expenses, please bear in mind the purchase of certain assets was capitalized, meaning that the cost expended to purchase the asset was moved to the asset list. Our informational materials and the computers we purchased to replace older units were all capitalized, thus appearing on the financials as assets and making us appear greatly under budget for those expense categories.

Overall, all expense categories were kept well within budget. In the audited financials, salaries appear to have exceeded budget by \$216,000. Within this \$216,000 is \$45,770 in June salaries that were not paid until July and \$146,702 in unused vacation time that we would owe staff if they leave SEPLSO's employment. Without those two numbers, salaries only exceeded budget by \$23,528. The reason for this actual overage is because we discovered near the end of the fiscal year that several hourly-paid staff had been preparing for book club discussions off the clock by reading the books at home. To protect SEPLSO we paid out the time spent reading the books and issued restrictions on how hourly staff may prepare for book clubs. The amount paid may seem large to some, but it is a very small percentage of any fines and penalties SEPLSO would incur were any of the employees to have reported unpaid wages to Wage & Hour.

Fiscal Year 2018 also proved an interesting year because of a large insurance claim that resulted from a sewage backup in the Patrick Lynch Library in Poteau on May 20<sup>th</sup>, 2018. We were extremely fortunate that our insurance carried a clause that paid out up to our full coverage in the event of sewage backup. Ironically, had the building simply flooded, our insurance would not have paid anything. Accompanying the insurance claim were large expenses in both materials and furniture. In November, 2017 the Board voted to file suit against the clean-up company for negligence that resulted in contamination of clean furniture, equipment and materials. Since then, and under the advice of our attorney, SEPLSO has name additional defendants in the suit including the buildings contractors, architects and engineering firms. Litigation is ongoing.

### Forecast

The financial outlook for SEPLSO shines very brightly. Ad valorem growth has boomed and appears poised for strong growth at least for the next two years. At the same time, the economy in Oklahoma continues to stabilize. State aid should remain at least level, if not increase. A strong economy also means better rates on CDs that we open. And of course, a healthy and growing economy will result in increased ad valorem growth. Now is the time to tackle or plan to tackle costly strategic goals and to replace costly assets such as shelving and furniture.

Our current litigation to recover damages in Poteau appears very favorable from our perspective. Although predicting how drawn out matters may take and what we might reasonably expect to recover is impossible, we could recover very significant awards.

**PERSONNEL**

SEPLSO employs 79 positions, not including the Executive Director position.

Exempt (salaried):	11 Employees
Full Time Hourly:	50 Employees
Part Time Hourly:	20 Employees
Part Time/Substitute:	3 Employees

This year we added a part-time aide at Arkoma, our only remaining branch operating with only two staff.

There were no long-term employee retirements, but there was some turnover, and in some instance a full-time position was replaced with two part-time employees. The cost savings allowed us to promote Kameran Huggins to Library Systems and Consumer Technology Coordinator, a position whose duties he now performs in addition to his Stigler Head Librarian duties. In the new role he oversees SEPLSO’s downloadable products and facilitates non-networking technology including our G Suite services from Google.

SEPLSO boasts a large and diverse staff with an even wider set of skills. We have continued to find excellent individuals to fill our open positions.

I am extremely proud of the growth in quality training for SEPLSO staff. Staff at all levels are encouraged to complete the Oklahoma Department of Libraries certification program. In addition, we hold two company-wide staff meetings that is mandatory for all staff. In Fiscal Year 2018 I was proud that we held our first leadership retreat; in conjunction with Southern Oklahoma Library System, we took all of our supervisors to Ardmore and brought Pat Wager, a renowned library consultant, to speak with both staffs. Finally, I would like to express my deepest appreciation the Board has shown toward sending our supervisors to national conferences for continuing education and training. Not only does this boost employee morale, it equips our leaders with tools and the vision to make SEPLSO a leader among libraries.

## SERVICES

**Informational Materials:** Early in Fiscal Year 2018 we worked out the troubles with our standing orders to everyone's delight and satisfaction. As a result, less time is spent placing books in shopping carts and popular materials arrive more quickly and very near publication date at the libraries.

**Online Resources:** At the end of Fiscal Year 2018, SEPLSO replaced its subscription to EBSCO's Auto Repair Reference Center with the more recognizable Chilton Library. I have heard much enthusiasm from citizens to whom I have announced this change. In addition, we were excited to add a maps database for customers. The Oklahoma Department of Libraries added more databases to the package they provide us for free that includes home improvement, crafts and hobby, poetry and legal databases. Our digital microfilm platform receives thousands of searches each month.

**Downloadable Content:** In fall of 2016 SEPLSO launched Hoopla, a service that offers downloadable books, audiobooks, comic books, music, television and movies. Hoopla usage has grown wildly. We continue to see growth in our other downloadable platforms as well, just not as strongly as Hoopla's growth.

**Computer & Internet Access:** Two big technology actions occurred in Fiscal Year 2018. In the fall of 2017, the Board approved the replacement of 220 desktop computers. This allowed us to upgrade all of our public access computers and most of the staff computers. Secondly, during our E-Rate season our Internet circuit bids were awarded to a new provider, Dobson, who successfully transferred our service with no delays before June 30<sup>th</sup>.

**Printing, Copying & Faxing:** These services continue to prove their popularity with users. Our small towns typically have no other resources for these services.

**Programs:** SEPLSO offers information programming for all ages throughout the year. Children's programs, especially the Summer Reading Program, serve to promote literacy and to keep children's minds engaged during the summer vacation. Teen and adult programming encourage lifelong learning and spotlight various informational materials available to the public from SEPLSO. In Fiscal Year 2018, SEPLSO branches boasted an attendance of over 53,000 at special programs.

**Reference:** Public libraries are the only institution wherein any individual can obtain professional research help for free. SEPLSO staff will guide citizens to available materials or request books from other libraries to meet an informational need. More often staff assist users on the computer and guide them in searches and discovering online information. Regularly, staff assist citizens on the computer who are filling out job applications or forms for various types of government assistance.

**Other Services:** In addition to the services described above, SEPLSO staff routinely assist with reader's advisory, basic computer assistance and training, and general informational research.

## ANNUAL CIRCULATION

Because of Poteau's extended closure, circulation dropped slightly from Fiscal Year 2017 to Fiscal Year 2018.

	FY 2017	FY 2018	Difference	%
Arkoma	10,482	8,649	(1,833)	-17.49%
Broken Bow	60,486	53,561	(6,925)	-11.45%
Coalgate	31,176	31,523	347	1.11%
Hartshorne	22,389	21,573	(816)	-3.64%
Heavener	31,528	35,436	3,908	12.40%
Hugo	34,658	33,837	821	-2.37%
Idabel	65,465	67,657	2,192	3.35%
McAlester	125,397	127,897	2,500	1.99%
Poteau	104,945	37,072	67,873	-64.67%
Spiro	21,804	19,557	(2,247)	-10.31%
Stigler	33,677	37,973	4,296	12.76%
Talihina	16,545	17,892	1,347	8.14%
Valliant	11,659	9,969	(1,690)	-14.50%
Wilburton	21,780	23,947	2,167	9.95%
Wister	24,909	28,690	3,781	15.18%
Downloadable	43,050	48,859	5,809	13.49%
<b>Total</b>	<b>659,950</b>	<b>604,092</b>	<b>(55,858)</b>	<b>-8.46%</b>

**USE OF LIBRARIES**

*Branch Visits*

SEPLSO branches received less foot traffic this year, which can be attributed to Poteau’s extended closure and the growth of Internet-only users.

<i>Branch</i>	<i>Annual Visits</i>	<i>Average Visits per Week</i>
Arkoma	5,011	96
Broken Bow	51,319	987
Coalgate	37,660	724
Hartshorne	28,184	542
Heavener	32,731	629
Hugo	49,339	949
Idabel	49,460	951
McAlester	96,269	1,851
Poteau	16,016	308
Spiro	26,764	515
Stigler	34,021	654
Talihina	13,170	253
Valliant	17,390	334
Wilburton	27,911	537
Wister	19,226	370
<b>Total System</b>	<b>504,471</b>	<b>9,701</b>

*Library Programs*

Program attendance increased over Fiscal Year 2017 thanks to more programs being offered and a stronger program budget. Attendance per program also increased, indicating interest in programs has grown and that our libraries provided programs of interest and need in their communities. I am proud of our staff for trying several new programs this past year.

	<u>Number of Programs</u>	<u>Program Attendance</u>	<u>Attendance Per Program</u>
FY 2017	3,405	53,262	15.65
FY 2018	3,420	59,556	17.41

*Active Cardholders*

Another strong indicator of success that we are tracking is active cardholders. At the end of fiscal year 2018, SEPLSO had 28,494 active cardholders. This indicates approximately 18% of our 7-county residents have library cards.

*Computer and Wi-Fi*

Fiscal Year 2017 marked the first time SEPLSO was able to accurately capture computer and Wi-Fi statistics thanks to new equipment. That makes this the first year we can compare year-to-year statistics of their usage. Of course, as with all of our other indicators, the closure at Poteau greatly affected the numbers.

	<u>FY 2017</u>	<u>FY 2018</u>
Wi-Fi Sessions	241,552	224,038
Devices	7,490	6,852

The strong usage of our Wi-Fi reflects both the poverty of our area and the poor IT infrastructure available to citizens. Our dependable Wi-Fi allows users to connect to the world and to access important library resources. It is hard to image that these number would not grow over the next few years.

	<u>FY 2017</u>	<u>FY 2018</u>
Public Computer Sessions	85,872	54,509
Time of Sessions	57,378	22,704

There is no doubt of the value the public places in these services. The strong usage indicates the vital role libraries play in the communication and information needs of southeastern Oklahoma.

### **COLLECTION**

Approximately \$419,000 was spent in FY 2018 for books, plus an additional \$518 for materials replaced after Poteau's sewage backup loss.

SEPLSO holds over 400,000 items for public use and loan. In FY 2019 we will engage in heavy weeding and inventory projects that will see this number decrease noticeably, but at the same time we will be providing our staff with new tools for better selection.

### **POLICIES, PLANNING AND GOALS**

Policies updated or added during Fiscal Year 2018 include the following:

- Resource Selection Policy
- Friends of the Library Policy
- Smoking and Board Meeting was rescinded
- Fees and Charges Policy
- Long Range Plan
- Circulation Policy (combined multiple related policies)
- Employee Handbook
- Employee Health Insurance Policy
- Bylaws





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## INDEPENDENT AUDITOR'S REPORT

Board of Trustees  
Southeastern Public Library System of Oklahoma  
McAlester, Oklahoma

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities and the discretely presented component units of the Southeastern Public Library System of 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 accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

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

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

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and the discretely presented component units of the Southeastern Public Library System of Oklahoma, as of June 30, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages A-1 thru A-10 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The Budgetary Comparison Schedule on pages 21-22 and the Notes to the Required Supplementary Information on page 23 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 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 10, 2018, on our consideration of the Southeastern Public Library System of Oklahoma'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  
Lawton, Oklahoma  
September 10, 2018

**Southeastern Public Library System of Oklahoma**  
**McAlester, Oklahoma**  
**Statement of Net Position**  
**June 30, 2018**

**Current Assets**

Cash and Cash Equivalents	\$ 4,198,563	
Investments	5,349,971	
Ad Valorem Tax Receivable	87,901	
Accounts Receivable	4,009	
Prepaid Assets	<u>84,351</u>	
 Total Current Assets		 \$ 9,724,795

**Other Assets**

Fixed Assets, Net of Accum Depr.	<u>403,738</u>	
 Total Other Assets		 <u>403,738</u>
 <b>Total Assets</b>		 <b><u><u>\$ 10,128,533</u></u></b>

**Liabilities**

Accounts Payable	\$ 16,505	
Accrued Salaries	45,771	
Compensated Absences Liability	<u>146,703</u>	
 Total Liabilities		 \$ 208,979

**Net Position**

Invested in Capital Assets, Net of Debt	403,738	
Restricted	3,824,642	
Unrestricted	<u>5,691,174</u>	
 Total Net Position		 <u>9,919,554</u>
 <b>Total Net Position and Liabilities</b>		 <b><u><u>\$ 10,128,533</u></u></b>

Please see accompanying notes to the financial statements.

**Southeastern Public Library System of Oklahoma**  
**McAlester, Oklahoma**  
**Statement of Activities**  
**Year Ended June 30, 2018**

Primary Government Governmental Activities:	Program Revenues			Net (Expense) Revenue & Changes in Net Assets		
	Primary Government			Business		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Total
Operating Expenses	\$ 1,331,405	\$ 90,836	\$ 0	\$ 0	\$ (1,240,569)	\$ (1,240,569)
Personnel Services	3,408,937	0	0	0	(3,408,937)	(3,408,937)
Informational Materials	431,123	0	4,136	0	(426,987)	(426,987)
Public & Technical Services	203,936	0	0	0	(203,936)	(203,936)
Total Governmental Activities	\$ 5,375,401	\$ 90,836	\$ 4,136	\$ 0	\$ (5,280,429)	\$ (5,280,429)

**General Revenue**

Ad Valorem Tax	4,839,845	0	4,839,845
State Aid	105,182	0	105,182
Investment Income	228,759	0	228,759
Miscellaneous	589,421	0	589,421
Donations	15,200	0	15,200
Employee (er) Contributions	405,525	0	405,525
Total General Revenue	6,183,932	0	6,183,932
Change in Net Position	903,503	0	903,503
Net Position, June 30, 2017	9,016,051		9,016,051
Net Position, June 30, 2018	\$ 9,919,554	\$ 0	\$ 9,919,554

Please see accompanying notes to the financial statements.

**Southeastern Public Library System of Oklahoma**  
**McAlester, Oklahoma**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2018**

	<b>General Fund</b>	<b>Pension Fund</b>	<b>Total Governmental Funds</b>
<b><u>Assets</u></b>			
Petty Cash	\$ 400	\$ 0	\$ 400
Cash in Bank - Operating Account	256,129	0	256,129
Cash in Bank - Sweep Account	3,922,637	0	3,922,637
Cash in Bank - Branch Accounts	19,397	0	19,397
Investments	1,597,446	3,752,525	5,349,971
Ad Valorem Tax Receivable	87,901	0	87,901
Accounts Receivable	4,009	0	4,009
Prepaid Assets	84,351	0	84,351
Fixed Assets	2,303,368	0	2,303,368
Accumulated Depreciation	(2,303,368)	0	(2,303,368)
Total Assets	\$ 5,972,270	\$ 3,752,525	\$ 9,724,795
<b><u>Liabilities</u></b>			
Accounts Payable	\$ 16,505	\$ 0	\$ 16,505
Accrued Salaries	45,771	0	45,771
Compensated Absences Liability	146,703	0	146,703
Total Liabilities	208,979	0	208,979
<b><u>Fund Balance</u></b>			
Nonspendable	84,351	3,752,525	3,836,876
Restricted	72,117	0	72,117
Committed	1,180,017	0	1,180,017
Assigned	8,000	0	8,000
Unassigned	4,418,806	0	4,418,806
Total Fund Balance	5,763,291	3,752,525	9,515,816
Total Liabilities and Fund Balance	\$ 5,972,270	\$ 3,752,525	

Please see accompanying notes to the financial statements.

**Southeastern Public Library System of Oklahoma**  
**McAlester, Oklahoma**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2018**

Fund Balances	\$ 9,515,816
Amounts Reported for Governmental Activities in the Statement of Net Position are different because:	
Capital Assets Used by Governmental Activities of \$2,303,368 Net of Accumulated Depreciation of \$1,899,630 are not financial resources and, therefore, are not reported in the funds.	<u>403,738</u>
Net Position of Governmental Activities	<u><u>\$ 9,919,554</u></u>

Please see accompanying notes to the financial statements.

**Southeastern Public Library System of Oklahoma**  
**McAlester, Oklahoma**  
**Statement of Revenue, Expenditures, and Changes in Fund Balance**  
**Governmental Funds**  
**Year Ended June 30, 2018**

	<b>General Fund</b>	<b>Pension Fund</b>	<b>Total Governmental Funds</b>
<b><u>Revenue</u></b>			
Ad Valorem Tax Revenue	\$ 4,839,845	\$ 0	\$ 4,839,845
Insurance Claims	564,630	0	564,630
Employee (er) Contributions	0	405,525	405,525
State Aid	105,182	0	105,182
Branch Library Income	90,836	0	90,836
Investment Income	36,243	192,516	228,759
Donations	15,200	0	15,200
Miscellaneous Revenue	12,491	0	12,491
Surplus Sales	12,300	0	12,300
Grant Income	4,136	0	4,136
Total Revenue	5,680,863	598,041	6,278,904
<b><u>Expenditures</u></b>			
Personnel Services			
Salaries and Wages	2,482,581	0	2,482,581
Employee Insurance	429,014	0	429,014
Retirement Costs	310,955	0	310,955
Payroll Taxes	186,387	0	186,387
Total Personnel Services	3,408,937	0	3,408,937
Informational Materials			
Branch Information Materials	230,273	0	230,273
Databases	139,835	0	139,835
Downloadables	61,015	0	61,015
Total Informational Materials	431,123	0	431,123
Public and Technical Services			
Technical Services	150,690	0	150,690
Programming Fees, Supplies & Travel	53,246	0	53,246
Total Public & Technical Services	203,936	0	203,936

Please see accompanying notes to the financial statements.



**Southeastern Public Library System of Oklahoma**  
**McAlester, Oklahoma**  
**Statement of Revenue, Expenditures, and Changes in Fund Balance**  
**Governmental Funds**  
**Year Ended June 30, 2018**

<u>Expenditures (cont.)</u>	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Operating Expenses			
Insurance Claim Expenses	\$ 548,786	\$ 0	\$ 548,786
Capital Outlay	267,527	0	267,527
Revaluation Fees	91,820	0	91,820
Furniture Expense	80,005	0	80,005
Equipment Expense	57,885	0	57,885
Travel	55,109	0	55,109
Automation	46,288	0	46,288
Professional Fees	45,946	2,943	48,889
Insurance	40,630	0	40,630
Supplies	39,816	0	39,816
Professional Development	22,243	0	22,243
Utilities	21,344	0	21,344
Audit Expense	15,000	0	15,000
Marketing	14,962	0	14,962
Computer Expense	13,095	0	13,095
Human Resources Expense	10,603	0	10,603
Vehicle Expense	8,424	0	8,424
Memberships	4,394	0	4,394
Miscellaneous Expense	4,172	0	4,172
Internet Access	3,255	0	3,255
Postage and Freight	640	0	640
Withdrawals / Distributions	0	103,604	103,604
Total Operating Expenses	<u>1,391,944</u>	<u>106,547</u>	<u>1,498,491</u>
Total Expenditures	5,435,940	106,547	5,542,487
Revenue Over (Under) Expenditures	244,923	491,494	736,417
Fund Balance, June 30, 2017	<u>5,518,368</u>	<u>3,261,031</u>	<u>8,779,399</u>
Fund Balance, June 30, 2018	<u>\$ 5,763,291</u>	<u>\$ 3,752,525</u>	<u>\$ 9,515,816</u>

Please see accompanying notes to the financial statements.

**Southeastern Public Library System of Oklahoma**  
**McAlester, Oklahoma**  
**Notes to Financial Statements**  
**Year Ended June 30, 2018**

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

The Southeastern Public Library System of Oklahoma (the System) is a multi-county quasi-governmental organization under Title 65 (Multi-County Act) of the Oklahoma Statutes. The System was established in the late 1960's when four counties voted to approve ad valorem taxes to support the multi-county library system. Today, the System has fifteen (15) libraries operating in seven (7) counties. The System is governed by a board of trustees who are appointed by the city and county commissioners for the respective communities or counties they represent. The following counties are represented: Choctaw, Coal, Haskell, Latimer, LeFlore, McCurtain and Pittsburgh. The following cities are represented: Arkoma, Broken Bow, Coalgate, Hartshorne, Heavener, Hugo, Idabel, McAlester, Poteau, Spiro, Stigler, Talihina, Valliant, Wilburton and Wister.

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

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

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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

**Southeastern Public Library System of Oklahoma**  
**McAlester, Oklahoma**  
**Notes to Financial Statements**  
**Year Ended June 30, 2018**

**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 fund include:

Pension Fund

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

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

**Southeastern Public Library System of Oklahoma**  
**McAlester, Oklahoma**  
**Notes to Financial Statements**  
**Year Ended June 30, 2018**

Proprietary Fund Types

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

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

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

**Note 3 – Budgetary Accounting**

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

**Note 4 – Cash and Cash Equivalents**

Cash and cash equivalents include the following accounts:

General Fund	
The Bank - Money Market Account	\$ 3,922,637
The Bank - Operating Account	256,129
Petty Cash	400
Branch Bank Accounts	19,397
	\$ 4,198,563

The cash on deposit with The Bank, is not only covered by FDIC insurance (up to \$250,000) but also a collateral pledge of \$6,250,000 to cover deposits in excess of the FDIC coverage. The cash on deposit with the local bank accounts are also covered by FDIC insurance (up to \$250,000).

**Southeastern Public Library System of Oklahoma**  
**McAlester, 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	\$ 4,198,163	\$ 0	\$ 400	\$ 4,198,563

**Note 5 – Investments**

The System invests \$1,597,446 in a Certificate of Deposits at the multiple banks. The interest rates vary from 1.01% to 2.25%. The interest pays on various schedules that range from monthly to maturity. The maturity dates range from six months to two years.

**Note 6 – Ad Valorem Taxes Receivable**

Multiple counties owe the System outstanding ad valorem taxes. As of June 30, 2018, the amount owed is \$87,901. These funds are expected to pay within the next 12 months.

**Note 7 – Prepaid Assets**

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

Prepaid Online Information	\$	43,678
Prepaid Automation		15,597
Prepaid Downloadable Materials		14,719
Prepaid Insurance		9,751
Prepaid Air Medicare		606
	\$	84,351

**Southeastern Public Library System of Oklahoma**  
**McAlester, Oklahoma**  
**Notes to Financial Statements**  
**Year Ended June 30, 2018**

**Note 8 – Fixed Assets**

All capital assets acquired prior to June 30, 2004 were considered to be fully depreciated. All fixed assets acquired before June 30, 2004 were valued at historical cost or estimated historical cost if actual historical cost was not available. Amounts were recorded for fixed asset purchases, for control purposes, with a corresponding amount recorded in the accumulated depreciation account. Donated assets were valued at their estimated fair market value as of the date donated.

Current year changes in fixed assets were as follows:

	Property, Plant and Equipment	Accumulated Depreciation
Balance as of 07/01/2017	\$ 2,035,841	\$ 1,799,189
Additions	267,527	100,441
Disposals	0	0
Balance as of 06/30/2018	\$ 2,303,368	\$ 1,899,630

**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 payroll and earned unpaid compensated absences liability at June 30, 2018 was approximately \$45,771 and \$146,703, respectively.

**Note 10 – Assigned Fund Balance**

The governing board has set aside a portion of the fund balance for replacement reserve accounts. The assigned fund balances for these purposes as of June 30, 2018 were as follows:

Vehicle Replacement	\$ 8,000
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These restrictions are imposed by the Board of Trustees action only; consequently, the restrictions may be rescinded by action of the Board.

**Southeastern Public Library System of Oklahoma**  
**McAlester, Oklahoma**  
**Notes to Financial Statements**  
**Year Ended June 30, 2018**

**Note 11 – Committed Fund Balance**

The governing board has implemented a new cash management policy that commits 3 months of operating expenses. The committed fund balance for this purpose as of June 30, 2018 was \$1,180,017.

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

**Note 12 – Tax Revenues – Economic Dependency**

Approximately 94.32% 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 Choctaw, Coal, Haskell, Latimer, LeFlore, McCurtain, and Pittsburg counties. Approximately 60.97% of the ad valorem tax revenues were received in January and February 2018. Any change in Oklahoma statutes regarding library tax levies or changes in state funding might affect the System's operations.

<u>Ad Valorem Tax Revenue</u>	
Choctaw County	\$ 278,638
Coal County	448,052
Haskell County	250,636
Latimer County	256,509
LeFlore County	1,005,805
McCurtain County	1,047,674
Pittsburg County	1,552,531
	<u>\$ \$4,839,845</u>

**Note 13 – Risk Management - Insurance Coverage**

The System is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years. The System maintains the following insurance coverage as protection against possible loss contingencies:

- Commercial Automobile Coverage
  - Liability
  - Uninsured Motorists
  - Comprehensive and Collision

**Southeastern Public Library System of Oklahoma**  
**McAlester, Oklahoma**  
**Notes to Financial Statements**  
**Year Ended June 30, 2018**

Commercial Package  
Employment Practices Liability  
Workers Compensation  
Employer Liability  
Position Fidelity Bond

**Note 14 – Grant Revenues**

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

	Grant Receipts	Grant Expenditures
FINRA Smart Investing Grant	\$ 1,262	\$ 562
Oklahoma Humanities Council	1,041	2,796
Oklahoma Humanities Council	1,000	3,570
OLA 2018 Conference Grant	833	833
Children's Reading Charitable Trust	0	181,572
Carolyn Watson Rural OK Grant	0	8,185
Oklahoma Humanities Council	0	3,356
OK Department Of Libraries	0	2,952
Oklahoma Arts Council	0	450
Total	\$ 4,136	\$ 204,276

**Note 15 – Pension Plan**

Effective January 1, 1989, the System initiated a pension plan for its employees. The plan type was revised effective January 1, 2003 to become a 401(k) plan. The library system is the trustee for the plan. The plan eligibility requirements are as follows: minimum age of 18 and minimum service of 500 hours in 6 consecutive months.

For each eligible participant, a discretionary contribution is made equal to a uniform percentage of each participant's compensation. The exact percentage, if any, is to be determined each year by the library system. For fiscal year ending June 30, 2018, the library system budgeted approximately 14% of the annual payroll costs.

Employee contributions are not required. The plan contributions are invested in individual accounts on behalf of the employees. All required contributions were made by the library system. Benefits to be paid to employees upon retirement will be limited to the actual cash value of their individual accounts.



**Southeastern Public Library System of Oklahoma**  
**McAlester, Oklahoma**  
**Notes to Financial Statements**  
**Year Ended June 30, 2018**

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

	<u>6/30/2018</u>	<u>6/30/2017</u>	<u>6/30/2016</u>
Employee contributions	\$ 83,334	\$ 84,614	\$ 104,095
Employer contributions	310,955	325,306	283,239
Administration costs	<u>2,943</u>	<u>3,701</u>	<u>5,883</u>
 Total	 <u>\$ 397,232</u>	 <u>\$ 413,621</u>	 <u>\$ 393,217</u>

Employer contribution of \$310,955 represents approximately 13.73% of the total payroll of \$2,264,068 for the fiscal year ending June 30, 2018.

Plan assets as of June 30, 2018 were \$ 3,752,525.

The plan is administered by:

Midwest Pension & Profit Sharing Services, Inc.  
121 South 8<sup>th</sup> Street, Suite 630  
Minneapolis, MN 55402

The plan funds are maintained by:

Mass Mutual  
1295 State Street  
Springfield, MA 01111

**Note 16 – Related Party Transactions**

The cities of Choctaw, Coal, Haskell, Latimer, LeFlore, McCurtain, and Pittsburg, Oklahoma, provide financial support to the Southeastern Public Library System of Oklahoma by furnishing buildings and building operating expenses, including utilities and building and contents insurance, for the operation of the library. The System is dependent upon this related party support as part of its operational costs.

**Note 17 – Contingencies**

In the normal course of operations, the System disburses funds from numerous federal and state grant programs. These expenditures are subject to audit and approval by the grantors or their

**Southeastern Public Library System of Oklahoma**  
**McAlester, Oklahoma**  
**Notes to Financial Statements**  
**Year Ended June 30, 2018**

representatives. Such audits could lead to claims for reimbursement of expenditures deemed unallowable under the terms of the grants. Presently, management is unaware of any liability for such expenditures, and in the opinion of management, any such amounts would not be considered material.

**Note 18 – Subsequent Events**

Subsequent events were evaluated through September 10, 2018, which is the date the financial statements were available to be issued.



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

Board of Trustees  
Southeastern Public Library System of Oklahoma  
McAlester, 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 Southeastern Public Library System of Oklahoma, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Southeastern Public Library System of Oklahoma's basic financial statements, and have issued our report thereon dated September 10, 2018.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Southeastern Public Library System of Oklahoma'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 Southeastern Public Library System of Oklahoma'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*

**F**URRH & **A**SSOCIATES, PC

Lawton, Oklahoma  
September 10, 2018

**Southeastern Public Library System of Oklahoma**  
**McAlester, Oklahoma**  
**General Fund**  
**Statement of Revenue, Expenditures, and Changes in Fund Balance**  
**Budget and Actual**  
**Year Ended June 30, 2018**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b><u>Revenue</u></b>				
Ad Valorem Taxes	\$ 4,468,605	\$ 4,510,512	\$ 4,839,845	\$ 329,333
Branch Library Income	88,432	84,488	90,836	6,348
State Aid	79,461	84,136	105,182	21,046
Interest Income	25,000	35,000	36,243	1,243
Surplus Sales	0	12,000	12,300	300
Donations	0	0	15,200	15,200
Miscellaneous Income	0	0	12,491	12,491
Grant Income	0	0	4,136	4,136
Insurance Claim	0	558,523	564,630	6,107
Total Revenue	4,661,498	5,284,659	5,680,863	396,204
<b><u>Expenditures</u></b>				
Personnel Services				
Salaries and Wages	2,283,842	2,266,041	2,482,581	(216,540)
Employee Insurance & Retirement	771,397	763,432	739,969	23,463
Payroll Taxes	180,313	187,429	186,387	1,042
Total Personnel Services	3,235,552	3,216,902	3,408,937	(192,035)
Informational Materials				
Branch Information Materials	444,000	443,000	230,273	212,727
Databases	140,000	140,000	139,835	165
Downloadables	66,000	58,000	61,015	(3,015)
Total Informational Materials	650,000	641,000	431,123	209,877
Public and Technical Services				
Technical Services	186,500	183,792	150,690	33,102
Programming Fees, Supplies & Travel	40,024	56,824	53,246	3,578
Total Public and Technical Services	226,524	240,616	203,936	36,680

Please see accompanying notes to the financial statements.

**Southeastern Public Library System of Oklahoma**  
**McAlester, Oklahoma**  
**General Fund**  
**Statement of Revenue, Expenditures, and Changes in Fund Balance**  
**Budget and Actual**  
**Year Ended June 30, 2018**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Operating Expenses				
Revaluation	\$ 96,527	\$ 103,194	\$ 91,820	\$ 11,374
Travel	65,674	68,964	55,109	13,855
Insurance	61,258	73,781	40,630	33,151
Automation	60,810	61,880	46,288	15,592
Equipment Expense	55,942	56,100	57,885	(1,785)
Supplies	36,300	36,300	39,816	(3,516)
Utilities	25,220	23,236	21,344	1,892
Furniture Expense	22,750	22,750	80,005	(57,255)
Computer	21,962	189,058	113,536	75,522
Professional Development	16,640	24,273	22,243	2,030
Internet Access	16,020	16,020	3,255	12,765
Audit	15,000	15,000	15,000	0
Human Resources Expense	14,400	14,400	10,603	3,797
Professional Consulting	13,000	39,100	45,946	(6,846)
Postage and Freight	12,300	12,300	640	11,660
Marketing	10,050	13,550	14,962	(1,412)
Vehicle Expense	10,000	10,000	8,424	1,576
Memberships	6,239	5,071	4,394	677
Miscellaneous Expense	4,680	4,684	4,172	512
Vehicle Reserve	2,500	8,000	0	8,000
Poteau Opening Day	0	557,000	548,786	8,214
Total Operating Expenses	567,272	1,354,661	1,224,858	129,803
Total Expenditures	4,679,348	5,453,179	5,268,854	184,325
<u>Revenue Over (Under) Expenditures</u>	<u>\$ (17,850)</u>	<u>\$ (168,520)</u>	<u>\$ 412,009</u>	<u>\$ 580,529</u>
<u>Fund Balance, June 30, 2017</u>	<u>17,850</u>	<u>0</u>	<u>5,351,282</u>	<u>5,351,282</u>
<u>Fund Balance, June 30, 2018</u>	<u>\$ 0</u>	<u>\$ (168,520)</u>	<u>\$ 5,763,291</u>	<u>\$ 5,931,811</u>

Please see accompanying notes to the financial statements.

**Southeastern Public Library System of Oklahoma**  
**McAlester, Oklahoma**  
**Notes to Required Supplemental Information**  
**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. 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.

# Southeastern Public Library System of Oklahoma

McAlester, OK

Carolyn Watson Rural Oklahoma 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 Funds	\$ 10,000	\$ 10,000	\$ 0	\$ 10,000	\$ 0
Total Revenue	10,000	10,000	0	10,000	0
<u>Expenditures</u>					
Program Expense	10,000	1,815	8,185	10,000	0
Total Expenditures	10,000	1,815	8,185	10,000	0
<u>Revenue Over (Under) Expenditures</u>	<u>\$ 0</u>	<u>\$ 8,185</u>	<u>\$ (8,185)</u>	<u>\$ 0</u>	<u>\$ 0</u>

Coal County Music & Arts Enrichment Project

Please see accompanying notes to the financial statements.



**Southeastern Public Library System of Oklahoma**  
**McAlester, OK**

**FINRA Smart Investing Grant**  
**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 Funds	\$ 1,262	\$ 0	\$ 1,262	\$ 1,262	\$ 0
Total Revenue	1,262	0	1,262	1,262	0
<u>Expenditures</u>					
Program Expense	1,262	700	562	1,262	0
Total Expenditures	1,262	700	562	1,262	0
<u>Revenue Over (Under) Expenditures</u>	<u>\$ 0</u>	<u>\$ (700)</u>	<u>\$ 700</u>	<u>\$ 0</u>	<u>\$ 0</u>

Please see accompanying notes to the financial statements.

**Southeastern Public Library System of Oklahoma**  
**McAlester, OK**

**Children's Reading Charitable Trust**  
**Revenue and Expenditures Compared with Budget**  
**(Modified Cash Basis)**  
**Year Ended June 30, 2018**

	Original Budget	Prior Year	Current Year	Total	(Over) Under Budget
<b>Revenue</b>					
Grant Income	\$ 469,779	\$ 469,779	\$ 0	\$ 469,779	\$ 0
Matching Funds	0	0	0	0	0
<b>Total Revenue</b>	469,779	469,779	0	469,779	0
<b>Expenditures</b>					
Book Collections	240,218	132,163	103,567	235,730	4,488
Children's Programming	129,030	70,101	58,929	129,030	0
Children's Family Reading Corners	16,000	7,468	0	7,468	8,532
PlayAway and AWE	84,531	46,507	19,076	65,583	18,948
<b>Total Expenditures</b>	469,779	256,239	181,572	437,811	31,968
<b>Revenue Over (Under) Expenditures</b>	<u>\$ 0</u>	<u>\$ 213,540</u>	<u>\$ (181,572)</u>	<u>\$ 31,968</u>	<u>\$ (31,968)</u>

Contract Period: 04/15/15 - 04/15/18

Please see accompanying notes to the financial statements.

**Southeastern Public Library System of Oklahoma**  
**McAlester, 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	\$ 2,952	\$ 2,952	\$ 0	\$ 2,952	\$ 0
Total Revenue	2,952	2,952	0	2,952	0
<u>Expenditures</u>					
Program Expense	2,952	0	2,952	2,952	0
Total Expenditures	2,952	0	2,952	2,952	0
<u>Revenue Over (Under) Expenditures</u>	<u>\$ 0</u>	<u>\$ 2,952</u>	<u>\$ (2,952)</u>	<u>\$ 0</u>	<u>\$ 0</u>

Project No.: F-17-225  
 Technology Project - LTSA 163201  
 Contract Period: 05/16/2017 - 07/31/2017

Please see accompanying notes to the financial statements.

**Southeastern Public Library System of Oklahoma**  
**McAlester, OK**

**Oklahoma Humanities Council - Let's Talk About It**  
**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	\$ 1,000	\$ 1,000	\$ 0	\$ 1,000	\$ 0
Cost Share Funds	2,356	0	2,356	2,356	0
Total Revenue	3,356	1,000	2,356	3,356	0
<u>Expenditures</u>					
Program Expense	3,356	0	3,356	3,356	0
Total Expenditures	3,356	0	3,356	3,356	0
<u>Revenue Over (Under) Expenditures</u>	<u>\$ 0</u>	<u>\$ 1,000</u>	<u>\$ (1,000)</u>	<u>\$ 0</u>	<u>\$ 0</u>

Project No.: Y17.076  
Working to Survive: Surviving to Work  
Contract Period: 05/10/2017 - 10/31/2017

Please see accompanying notes to the financial statements.

**Southeastern Public Library System of Oklahoma**  
**McAlester, OK**  
**Oklahoma Humanities Council - Let's Talk About It**  
**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>
<b><u>Revenue</u></b>			
State Grant	\$ 1,000	\$ 1,000	\$ 0
Cost Share Funds	2,106	2,246	(140)
In-kind Donations	<u>250</u>	<u>324</u>	<u>(74)</u>
 Total Revenue	 3,356	 3,570	 (214)
<b><u>Expenditures</u></b>			
Administration	1,481	1,621	(140)
Honoraria	1,000	1,000	0
Facilities	375	375	0
Supplies	350	424	(74)
Publicity	<u>150</u>	<u>150</u>	<u>0</u>
 Total Expenditures	 3,356	 3,570	 (214)
 <u>Revenue Over (Under) Expenditures</u>	 <u>\$ 0</u>	 <u>\$ 0</u>	 <u>\$ 0</u>

Project No.: Y18.017  
Crime and Comedy: The Lighter Side of Murder and Misdemeanor  
Contract Period: 11/29/2017 - 04/30/2018

Please see accompanying notes to the financial statements.

**Southeastern Public Library System of Oklahoma**  
**McAlester, OK**  
**Oklahoma Humanities Council - Let's Talk About It**  
**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>
<b><u>Revenue</u></b>			
State Grant	\$ 1,041	\$ 1,041	\$ 0
Cost Share Funds	1,530	1,530	0
In-kind Donations	<u>225</u>	<u>225</u>	<u>0</u>
 Total Revenue	 2,796	 2,796	 0
<b><u>Expenditures</u></b>			
Administration	1,080	1,080	0
Honoraria	650	650	0
Travel	391	391	0
Supplies	325	325	0
Facilities	250	250	0
Publicity	<u>100</u>	<u>100</u>	<u>0</u>
 Total Expenditures	 2,796	 2,796	 0
 <u>Revenue Over (Under) Expenditures</u>	 <u>\$ 0</u>	 <u>\$ 0</u>	 <u>\$ 0</u>

Project No.: Y18.061  
Oklahoma Private Investigations  
Contract Period: 05/11/2018 - 10/31/2018

Please see accompanying notes to the financial statements.

**Southeastern Public Library System of Oklahoma**  
**McAlester, OK**  
**Oklahoma Arts Council - Cowboy Jim Garling Live**  
**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>
<b><u>Revenue</u></b>			
State Grant	\$ 225	\$ 0	\$ 225
Cost Share Funds	225	225	0
Total Revenue	450	225	225
<b><u>Expenditures</u></b>			
Honoraria	450	450	0
Total Expenditures	450	450	0
<u>Revenue Over (Under) Expenditures</u>	<u>\$ 0</u>	<u>\$ (225)</u>	<u>\$ 225</u>

Project ID: 4865-7601  
Contract Period: 05/10/2018 - 06/30/2018

Please see accompanying notes to the financial statements.

**Southeastern Public Library System of Oklahoma**  
**McAlester, 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>
<b><u>Revenue</u></b>			
State Grant	\$ 1,271	\$ 833	\$ 438
Total Revenue	1,271	833	438
<b><u>Expenditures</u></b>			
Conference Expenses	1,271	833	438
Total Expenditures	1,271	833	438
<u>Revenue Over (Under) Expenditures</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

Project No.: 172102  
CE OLA 2018 Conference Grant  
Contract Period: 04/16/2018 - 05/25/2018

Please see accompanying notes to the financial statements.