

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

JUNE 30, 2012

BY



Western Plains Library System
Clinton, Oklahoma
Year Ended June 30, 2012

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Western Plains Library System
Clinton, Oklahoma

We have audited the accompanying financial statements of the governmental activities and the business-type activities of Western Plains Library System (the System), as of and for the year ended June 30, 2012, which collectively comprise the System's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Western Plains Library System management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the business-type activities of Western Plains Library System, as of June 30 2012, and the respective changes in financial position, and cash flows, where applicable, thereof for the year than ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 9, 2012, on our consideration of the Western Plains Library System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require the budgetary comparison information on pages 22 and 23 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 inquires 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.



FURRH & **A**SSOCIATES, PC

Certified Public Accountants

August 9, 2012

Western Plains Library System

Clinton, Oklahoma

Statement of Net Assets

June 30, 2012

	<u>Governmental Activities</u>	<u>Enterprise Activities</u>	<u>Total</u>
<u>Current Assets</u>			
Cash and Cash Equivalents	\$ 899,814	\$ 1,301	\$ 901,115
Investments	160,543	0	160,543
Ad Valorem Tax Receivable	104,039	0	104,039
Accts Receivable-Library Board	1,296	0	1,296
Prepaid Equipment Maintenance	919	0	919
Prepaid Insurance	10,865	0	10,865
Prepaid Subscriptions	22,401	0	22,401
Inventory	0	383	383
	<hr/>	<hr/>	<hr/>
Total Current Assets	1,199,877	1,684	1,201,561
<u>Other Assets</u>			
Fixed Assets, net of Accum Depreciation	886,843	0	886,843
	<hr/>	<hr/>	<hr/>
Total Other Assets	886,843	0	886,843
	<hr/>	<hr/>	<hr/>
Total Assets	\$ 2,086,720	\$ 1,684	\$ 2,088,404
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<u>Liabilities</u>			
Accounts Payable	\$ 49,185	\$ 0	\$ 49,185
Unpaid Compensated Absences	52,163	0	52,163
Accrued Payroll	12,991	0	12,991
	<hr/>	<hr/>	<hr/>
Total Liabilities	114,339	0	114,339
<u>Net Assets</u>			
Invested in Capital Assets, Net of Related Debt	886,843	0	886,843
Restricted	0	1,684	1,684
Unrestricted	0	0	0
Committed	410,000	0	410,000
Assigned	80,000	0	80,000
Unassigned	595,538	0	595,538
	<hr/>	<hr/>	<hr/>
Total Net Assets	1,972,381	1,684	1,974,065
	<hr/>	<hr/>	<hr/>
Total Net Assets and Liabilities	\$ 2,086,720	\$ 1,684	\$ 2,088,404
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Please see accompanying notes to the financial statements.

Western Plains Library System
Clinton, Oklahoma
Statement of Activities
Year Ended June 30, 2012

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities	Total
Primary Government						
Governmental Activities:						
Operating Expenses	\$ 384,109	\$ 48,247	\$ 230	\$ (325,732)	\$ 0	\$ (325,732)
Personnel Services	829,692	0	0	(829,692)	0	(829,692)
Informational Materials	241,390	0	0	(241,390)	0	(241,390)
Public & Technical Services	35,107	0	0	(35,107)	0	(35,107)
Total Governmental Activities	1,490,298	48,247	230	(1,431,921)	0	(1,431,921)
Business Type Activities:						
Sales	14,215	0	0		(7,767)	(7,767)
Total Business Type Activities	14,215	0	0			
Total Primary Government	\$ 1,504,513	\$ 48,247	\$ 0	(1,431,921)	(7,767)	(1,439,688)
General Revenue						
Ad Valorem Tax				1,569,670	0	1,569,670
Interest				3,381	0	3,381
Miscellaneous				235	0	235
Donations				3,640	0	3,640
Transfers				(3,246)	3,246	0
Total General Revenue				1,573,680	3,246	1,576,926
Change in Net Assets				141,759	(4,521)	137,238
Net Assets, June 30, 2011				1,830,622	6,205	1,836,827
Net Assets, June 30, 2012				\$ 1,972,381	\$ 1,684	\$ 1,974,065

Please see accompanying notes to the financial statements.

Western Plains Library System

Clinton, Oklahoma

Balance Sheet

Governmental Funds

June 30, 2012

	<u>General</u>	<u>Nonmajor Funds</u>	<u>Total Governmental Funds</u>
<u>Assets</u>			
Petty Cash	\$ 50	\$ 0	\$ 50
Cash - Mid First Bank, Weatherford	45,769	0	45,769
Cash - OK Bank and Trust, Clinton	44,552	11,897	56,449
Cash - MidFirst Bank, Weatherford	796,653	0	796,653
Cash - First Bank and Trust, Clinton	0	893	893
CD - Bank of the West	80,180	0	80,180
CD - High Plains Bank	50,000	0	50,000
CD - Security State	30,363	0	30,363
Ad Valorem Tax Receivable	104,039	0	104,039
Accts Receivable-Library Board	1,296	0	1,296
Prepaid Equipment Maint.	919	0	919
Prepaid Insurance	10,865	0	10,865
Prepaid Subscriptions	22,401	0	22,401
Fixed Assets	1,474,572	0	1,474,572
Accumulated Depreciation	(1,474,572)	0	(1,474,572)
Total Assets	<u>\$ 1,187,087</u>	<u>\$ 12,790</u>	<u>\$ 1,199,877</u>
<u>Liabilities</u>			
Accounts Payable	\$ 49,185	\$ 0	\$ 49,185
Unpaid Compensated Absences	52,163	0	52,163
Accrued Payroll	12,991	0	12,991
Total Liabilities	<u>114,339</u>	<u>0</u>	<u>114,339</u>
<u>Fund Balance</u>			
Restricted	0	0	0
Committed	410,000	0	410,000
Assigned	80,000	0	80,000
Unassigned	582,748	12,790	595,538
Total Fund Balance	<u>1,072,748</u>	<u>12,790</u>	<u>1,085,538</u>
Total Liabilities and Fund Balance	<u>\$ 1,187,087</u>	<u>\$ 12,790</u>	<u>\$ 1,199,877</u>

Please see accompanying notes to the financial statements.

Western Plains Library System
Clinton, Oklahoma
Balance Sheet
Governmental Funds
June 30, 2012

Net Assets	\$ 1,085,538
Amounts Reported for Governmental Activities in the Statement of Net Assets are different because:	
Capital Assets Used by Governmental Activities of \$1,474,572 Net of Accumulated Depreciation of \$587,729 are not financial resources and, therefore, are not reported in the funds.	<u>886,843</u>
Net Assets of Governmental Activities	<u><u>\$ 1,972,381</u></u>

Please see accompanying notes to the financial statements.

Western Plains Library System
Clinton, Oklahoma
Statement of Revenue, Expenditures, and Changes in Fund Balance
Governmental Funds
Year Ended June 30, 2012

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Revenue</u>			
Ad Valorem Tax Revenue	\$ 1,569,670	\$ 0	\$ 1,569,670
State Aid	48,247	0	48,247
Branch Library Income	9,900	0	9,900
Interest Income	3,343	38	3,381
Miscellaneous Revenue	235	0	235
State Grants	230	0	230
Donations	0	3,640	3,640
Total Revenue	<u>1,631,625</u>	<u>3,678</u>	<u>1,635,303</u>
<u>Expenditures</u>			
Personnel Services			
Salaries and Wages	658,582	0	658,582
Employee Insurance	94,153	0	94,153
Payroll Taxes	53,715	0	53,715
Retirement Costs	23,242	0	23,242
Total Personnel Services	<u>829,692</u>	<u>0</u>	<u>829,692</u>
Informational Materials			
Books	126,683	837	127,520
Databases	51,911	0	51,911
Downloadables	28,498	0	28,498
Audio Books	16,338	0	16,338
DVDs	9,348	0	9,348
Magazines/Newspapers	6,527	0	6,527
Microfilm, Memorial, Pansy	1,248	0	1,248
Total Informational Materials	<u>240,553</u>	<u>837</u>	<u>241,390</u>
Public and Technical Services			
Programming Fees & Supplies	23,642	0	23,642
Technical Services	11,465	0	11,465
Total Public & Technical Services	<u>35,107</u>	<u>0</u>	<u>35,107</u>
Operating Expenses			
Internet Access	75,331	0	75,331
Professional Development	29,784	0	29,784
Insurance	22,766	0	22,766

Please see accompanying notes to the financial statements.

Western Plains Library System
Clinton, Oklahoma
Statement of Revenue, Expenditures, and Changes in Fund Balance
Governmental Funds
Year Ended June 30, 2012

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Expenditures</u>			
Equipment Expense	\$ 20,914	\$ 0	\$ 20,914
Building Maintenance	20,145	0	20,145
Professional Consulting	20,119	0	20,119
Vehicle Expense	18,709	0	18,709
Contingency Expense	17,341	0	17,341
Utilities	13,603	0	13,603
Advertising & Marketing	12,505	0	12,505
Staff Development	11,555	0	11,555
Supplies	10,534	0	10,534
Furniture Expense	10,175	0	10,175
Human Resources Expense	8,090	0	8,090
Postage and Freight	6,989	0	6,989
Miscellaneous Expense	6,988	0	6,988
Computer & Equipment Expense	5,029	1,953	6,982
Travel	3,974	0	3,974
Grant Expenses	1,909	0	1,909
Temporary Rent Expense	927	0	927
Banking Service Fees	242	98	340
Donations	0	3,925	3,925
Capital Outlay (Depreciation)	65,614	0	65,614
Transfer to Enterprise Fund	3,246	0	3,246
Total Operating Expenses	<u>386,489</u>	<u>5,976</u>	<u>392,465</u>
Total Expenditures	1,491,841	6,813	1,498,654
Revenue Over (Under) Expenditures	\$ 139,784	\$ (3,135)	\$ 136,649
Fund Balance, June 30, 2011	<u>932,964</u>	<u>15,925</u>	<u>948,889</u>
Fund Balance, June 30, 2012	<u>\$ 1,072,748</u>	<u>\$ 12,790</u>	<u>\$ 1,085,538</u>

Please see accompanying notes to the financial statements.

Western Plains Library System
Clinton, Oklahoma
Enterprise Fund
Statement of Net Assets
Year Ended June 30, 2012

<u>Assets</u>		
Current Assets:		
Cash - MidFirst Bank, Weatherford	\$	1,301
Inventory		383
Total Current Assets	\$	1,684
Noncurrent Assets:		
Capital Assets		0
Accumulated Depreciation		0
Total Noncurrent Assets		0
Total Assets	\$	1,684
<u>Liabilities</u>		
Unearned Revenue	\$	0
Total Liabilities	\$	0
<u>Net Assets</u>		
Restricted		1,684
Total Net Assets		1,684
Total Net Assets and Liabilities	\$	1,684

Please see accompanying notes to the financial statements.

Western Plains Library System
Clinton, Oklahoma
Enterprise Fund
Statement of Revenue, Expense, and Changes in Fund Net Assets
Year Ended June 30, 2012

Operating Revenue

Sales	\$ 5,198	
Cookbook Sales	1,250	
Total Operating Revenue	<u>6,448</u>	\$ 6,448

Operating Expense

Cost of Inventory	14,215	
Total Operating Expense	<u>14,215</u>	<u>14,215</u>

Net Operating Income (Loss) (7,767)

Nonoperating Revenue (Expense)

Transfers from Western Plains	3,246	
Net Nonoperating Revenue (Expense)	<u>3,246</u>	<u>3,246</u>

Net Revenue (Loss) (4,521)

Total Net Assets, June 30, 2011 6,205

Total Net Assets, June 30, 2012 \$ 1,684

Please see accompanying notes to the financial statements.

Western Plains Library System
Clinton, Oklahoma
Enterprise Fund
Statement of Cash Flows
Year Ended June 30, 2012

Cash Flows from Operating Activities

Receipts from Customers	\$ 5,147
Payments to Suppliers	<u>(8,393)</u>

Net Cash Provided by Operating Activities (3,246)

Cash Flows from Noncapital Financing Activities

Transfers from Western Plains	<u>4,547</u>
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Net Cash Provided (Used) by Noncapital Financing Activities 4,547

Cash Flows from Capital and Related Financing Activities

Capital Assets Purchased	0
Capital Assets Sold	<u>0</u>

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

Cash Flows from Investing Activities

Interest Income	<u>0</u>
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Net Cash Provided by Investing Activities 0

Net Increase (Decrease) in Cash and Cash Equivalents 1,301

Cash and Cash Equivalents - June 30, 2011 0

Cash and Cash Equivalents - June 30, 2012 \$ 1,301

Reconciliation of Operating Income to Net Cash Provided by Operating Activities

Operating Income	\$ (7,767)
Adjustments to Reconcile Operating Income to Cash Provided by Operating Activities	
Decrease in Inventory	5,822
Decrease in Receivable	<u>(1,301)</u>

Net Cash Provided by Operating Activities \$ (3,246)

Please see accompanying notes to the financial statements.

Western Plains Library System
Clinton, Oklahoma
Notes to Financial Statements
Year Ended June 30, 2012

Note 1 – Summary of Significant Accounting Policies

The Western Plains Library System (the System) is a multi-county quasi-governmental organization under Title 65 (Multi-County Act) of the Oklahoma Statutes. The System is governed by a board of trustees appointed by the county commissioners of Custer, Dewey, Roger Mills, and Washita Counties, and by all cities in the four counties with populations of 2,000 or more. Presently, there are the following cities, Clinton, Weatherford, Cordell, Taloga, and Cheyenne, Oklahoma, that are represented on the board of trustees.

For financial reporting purposes, the System includes all funds, agencies, boards, commissions and authorities that are controlled by or dependent on the System's executive or legislative branches. Control by or dependence on the System was determined on the basis of oversight responsibility, scope of public service, and special financing relationships. Oversight responsibility includes financial interdependence, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters.

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

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

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

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

Note 2 – Fund Accounting

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

Western Plains Library System
Clinton, Oklahoma
Notes to Financial Statements
Year Ended June 30, 2012

classified as governmental, proprietary, and fiduciary fund types. The following fund types are used by the System.

Governmental Fund Types

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

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

- a. Memorial Fund
- b. Friends of the Library Fund
- c. Honor Fund

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

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

Proprietary Fund Types

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

Western Plains Library System

Clinton, Oklahoma

Notes to Financial Statements

Year Ended June 30, 2012

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

Note 4 – Cash and Cash Equivalents

Cash and cash equivalents include the following accounts:

General Fund		
Petty Cash	\$	50
Oklahoma Bank and Trust		44,552
MidFirst Bank		843,723
Memorial Fund		
Oklahoma Bank and Trust		10,348
Honor Fund		
Oklahoma Bank and Trust		1,549
Friends of The Library Fund		
First Bank and Trust		893
	\$	<u>901,115</u>

The cash on deposit with the MidFirst Bank of Clinton, Oklahoma, is not only covered by F.D.I.C. insurance (up to \$250,000.00) but also a collateral pledge of \$650,000.00 to cover deposits in excess of the F.D.I.C. coverage.

The System’s cash, deposits, and investments are classified in the following categories:

- A. Insured or collateralized with securities held by the entity or by its agent in the entity’s name.

Western Plains Library System
Clinton, Oklahoma
Notes to Financial Statements
Year Ended June 30, 2012

- 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	\$ 901,065	\$ 0	\$ 50	\$ 901,115

Note 5 – Investments

The System invests \$50,000 in a Certificate of Deposit at the High Plains Bank in Cordell, Oklahoma. The interest rate on this investment is 0.50%. The interest pays at maturity. The maturity date is December 29, 2012.

The System also invests \$80,000 in a Certificate of Deposit at the Bank of the West in Clinton, Oklahoma. The interest rate on this investment is 0.45%. The interest pays monthly. The maturity date was June 27, 2012. The Certificate of Deposit was automatically renewed. However, on July 10, 2012, management cashed the Certificate and deposited it into the payroll account in anticipation of the upcoming purchase of the new Bookmobile.

The System also invests \$30,000 in a Certificate of Deposit at the Security State Bank in Cheyenne, Oklahoma. The interest rate on this investment is 1.20%. The interest pays at quarterly. The maturity date is June 30, 2012. The Certificate of Deposit was automatically renewed at 0.55%. However, on July 10, 2012, management added an additional \$30,000 to the Certificate.

Note 6 – Ad Valorem Taxes Receivable

Custer County owes the System majority of the outstanding ad valorem taxes. Several major industries in the Custer County claim an ad valorem manufacturer exemption. The State of Oklahoma will reimburse the counties for the industries that claim this exemption. Custer County has a policy of not passing along the ad valorem taxes for these industries until they receive the money from the State. Custer County expects to be able to pass the 2011/2012 funds to the System in the 2012/2013 fiscal year.

Western Plains Library System
Clinton, Oklahoma
Notes to Financial Statements
Year Ended June 30, 2012

Note 7 – Prepaid Expenses

Prepaid expense includes the unamortized portion of the annual expense for the following:

Prepaid Equipment Maintenance Contract	\$	919
Prepaid Insurance		10,865
Prepaid Subscriptions		<u>22,401</u>
Total		<u>\$ 34,185</u>

Note 8 – Fixed Assets

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

Current year changes in fixed assets were as follows:

	Property, Plant and Equipment	Accumulated Depreciation
Balance as of 07/01/2011	\$ 1,408,958	\$ 527,224
Additions	65,614	60,505
Disposals	<u>0</u>	<u>0</u>
Balance as of 06/30/2012	<u>\$ 1,474,572</u>	<u>\$ 587,729</u>

Note 9 – Accrued Payroll and Compensated Absences

The System accrues a payroll liability and a liability for vacation pay or other compensated absences. The cost is recognized when a claim is made for the accrued compensation by the employee. The amount of earned unpaid compensated absences liability at June 30, 2012 was approximately \$52,163. The amount of earned unpaid compensation at June 30, 2012 was \$12,991.

Western Plains Library System
Clinton, Oklahoma
Notes to Financial Statements
Year Ended June 30, 2012

Note 10 – Reserve Fund Balance

The governing Board has set aside a portion of the fund balance as an equipment replacement reserve. The reserve fund balance as of June 30, 2012 was as follows:

Vehicle Replacement	\$ 330,000
Computer Reserve	\$ 60,000
Building Maintenance	\$ 50,000
Signage Reserve	\$ 50,000

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

Note 11 – Tax Revenues

Approximately 90% of the total revenue of the library system for the current year was received from ad valorem taxes from a special tax levy voted by the citizens of Custer, Dewey, Roger Mills, and Washita counties. Approximately 64.51% of the ad valorem tax revenues were received in December 2011 and January 2012.

<u>Ad Valorem Tax Revenue</u>	
Custer County	\$ 881,595
Dewey County	163,779
Roger Mills County	283,850
Washita County	<u>240,446</u>
Total	<u>\$ 1,569,670</u>

Note 12 – Insurance Coverage

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

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

Western Plains Library System
Clinton, Oklahoma
Notes to Financial Statements
Year Ended June 30, 2012

Note 13 – Grant Revenues

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

	<u>Grant Receipts</u>	<u>Grant Expenditures</u>
Oklahoma Department of Libraries Contract No. F-12-281	\$ 230	\$ 230
Oklahoma Department of Libraries Contract No. F-12-290	0	115
Oklahoma Department of Libraries Contract No. F-11-182	0	1,564
Total	<u>\$ 230</u>	<u>\$ 1,909</u>

Note 14 – Retirement Plan

In January 2006, the System adopted a SEP/457 combination retirement plan with Waddell and Reed Financial Services. The plan is flexible as to the amount of contribution for the employers and employees. The employer can determine the percentage of salaries to contribute on an annual basis. Contributions are optional by the employees; however, the employee must be 18 years old to qualify for participation in the plan, must have completed one year of service, and must have earned at least \$450 during the preceding year. Currently, the employer is paying 3% of the employee salary to the plan. The previous plan employee accounts were rolled over into the new plan.

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

	<u>6/30/12</u>	<u>6/30/11</u>	<u>6/30/10</u>
Employer Contributions	\$ 20,745	\$ 14,027	\$ 14,023
Employee Contributions	16,520	13,928	13,336
Total	<u>\$ 37,265</u>	<u>\$ 27,955</u>	<u>\$ 27,359</u>

Western Plains Library System
Clinton, Oklahoma
Notes to Financial Statements
Year Ended June 30, 2012

Note 15 – Related Party Transactions

The cities of Clinton, Weatherford, Thomas, Seiling, Cheyenne, Cordell, and Sentinel, Oklahoma, provide financial support to the Western Plains Library System by furnishing buildings and 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 16 – Contingencies

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

Note 17 – Misappropriation of Assets

In 2011, one employee was involved in the misappropriation of assets in regards to the use of the company credit card. There were various personal items charged that were unauthorized. A receivable of \$1,508 was accrued as of June 30, 2011. The balance was paid in full in August 2011.



REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

Board of Trustees
Western Plains Library System
Clinton, Oklahoma

We have audited the financial statements of the governmental activities and the business-type activities of Western Plains Library System, as of and for the year ended June 30, 2012, which collectively comprise Western Plains Library System's basic financial statements and have issued our report thereon dated August 9, 2012. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Western Plains Library System's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Western Plains Library System's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Western Plains Library System's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Western Plains Library System's financial statements are free of 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*.

This report is intended solely for the information and use of management, Board of Trustees, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



FURRH & ASSOCIATES, PC

Certified Public Accountants

August 9, 2012

Western Plains Library System
Clinton, Oklahoma
General Fund
Statement of Revenue, Expenditures, and Changes in Fund Balance
Budget and Actual
Year Ended June 30, 2012

	<u>Budget</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
<u>Revenue</u>			
Ad Valorem Taxes	\$ 1,600,000	\$ 1,569,670	\$ 30,330
State Aid	48,000	48,247	(247)
Branch Library Income	7,500	9,900	(2,400)
Interest Income	5,000	3,343	1,657
Miscellaneous Income	500	235	265
Grant Revenue	0	230	(230)
Total Revenue	<u>1,661,000</u>	<u>1,631,625</u>	<u>29,375</u>
<u>Expenditures</u>			
Personnel Services			
Salaries and Wages	702,000	658,582	43,418
Employee Insurance	99,180	94,153	5,027
Payroll Taxes	52,000	53,715	(1,715)
Retirement Costs	18,000	23,242	(5,242)
Total Personnel Services	<u>871,180</u>	<u>829,692</u>	<u>41,488</u>
Informational Materials			
Books	107,500	126,683	(19,183)
Databases	40,000	51,911	(11,911)
Downloadables	26,000	28,498	(2,498)
Audio Books	25,000	16,338	8,662
DVDs	10,000	9,348	652
Magazines/Newspapers	8,000	6,527	1,473
Microfilm	800	1,248	(448)
Total Informational Materials	<u>217,300</u>	<u>240,553</u>	<u>(23,253)</u>
Public and Technical Services			
Programming Fees & Supplies	21,800	23,642	(1,842)
Technical Services	13,000	11,465	1,535
Total Public and Technical Services	<u>34,800</u>	<u>35,107</u>	<u>(307)</u>

Please see accompanying notes to the financial statements.

Western Plains Library System
Clinton, Oklahoma
General Fund
Statement of Revenue, Expenditures, and Changes in Fund Balance
Budget and Actual
Year Ended June 30, 2012

	<u>Budget</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
Operating Expenses			
Advertising & Marketing	\$ 12,000	\$ 12,505	\$ (505)
Banking Service Fees	500	242	258
Building Maintenance	25,000	20,145	4,855
Computer	12,000	5,029	6,971
Capital Outlay	197,500	65,614	131,886
Contingency Expense	18,000	17,341	659
Equipment Expense	22,500	20,914	1,586
Furniture Expense	10,000	10,175	(175)
Grant Expenses	0	1,909	(1,909)
Human Resources Expense	8,500	8,090	410
Insurance	24,000	22,766	1,234
Internet Access	75,000	75,331	(331)
Miscellaneous Expense	2,000	6,988	(4,988)
Postage and Freight	8,500	6,989	1,511
Professional Consulting	25,000	20,119	4,881
Professional Development	28,350	29,784	(1,434)
Rent Expense	1,000	927	73
Staff Development	18,000	11,555	6,445
Supplies	13,000	10,534	2,466
Travel	4,000	3,974	26
Utilities	14,500	13,603	897
Transfer to Enterprise Fund	0	3,246	(3,246)
Vehicle Expense	18,000	18,709	(709)
Total Operating Expenses	<u>537,350</u>	<u>386,489</u>	<u>150,861</u>
Total Expenditures	<u>1,660,630</u>	<u>1,491,841</u>	<u>168,789</u>
<u>Revenue Over (Under) Expenditures</u>	<u>\$ 370</u>	<u>\$ 139,784</u>	<u>\$ (139,414)</u>
<u>Fund Balance, June 30, 2011</u>	<u>(370)</u>	<u>932,964</u>	<u>(933,334)</u>
<u>Fund Balance, June 30, 2012</u>	<u>\$ 0</u>	<u>\$ 1,072,748</u>	<u>\$ (1,072,748)</u>

Please see accompanying notes to the financial statements.

Western Plains Library System
Clinton, Oklahoma
Notes to Required Supplemental Information
Year Ended June 30, 2012

Note 1 - Budgetary Policies

The System's annual operating budget represents appropriations authorized by the governing board and approved by the county governments in accordance with the Oklahoma Statutes.

The System's General Fund budget is limited by law to 90% of the amount of revenue collected in the prior fiscal year plus unreserved fund balances. The legal level of control is the expenditure category. It is the System's policy that all appropriations lapse at the end of the fiscal year.

The System prepares an annual operating budget for its General Fund. The System does not prepare an operating budget for its Special Revenue Funds. Specific grant funds operated within the General Fund and the Special revenue Funds are operated under budgets required by the grant documents. The System prepares its annual operating budget on the accrual basis of accounting.

Western Plains Library System

Clinton, Oklahoma

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2012

	<u>Memorial Fund</u>	<u>Friends of the Library Fund</u>	<u>Honor Fund</u>	<u>Total</u>
<u>Assets</u>				
Cash and Cash Equivalents	\$ 10,348	\$ 893	\$ 1,549	\$ 12,790
Total Assets	<u>\$ 10,348</u>	<u>\$ 893</u>	<u>\$ 1,549</u>	<u>\$ 12,790</u>
<u>Liabilities and Fund Balance</u>				
Fund Balance				
Unreserved	10,348	893	1,549	12,790
Total Liabilities and Fund Balance	<u>\$ 10,348</u>	<u>\$ 893</u>	<u>\$ 1,549</u>	<u>\$ 12,790</u>

Please see accompanying notes to the financial statements.

Western Plains Library System

Clinton, Oklahoma

Combining Statement of Revenue, Expenditures, and Changes in Fund Balance Nonmajor Governmental Funds Year Ended June 30, 2012

<u>Revenue</u>	<u>Memorial Fund</u>	<u>Friends of the Library Fund</u>	<u>Honor Fund</u>	<u>Total</u>
Donations and Fund Raising	\$ 1,140	\$ 2,500	\$ 0	\$ 3,640
Interest Income	37	0	1	38
Total Revenue	1,177	2,500	1	3,678
<u>Expenditures</u>				
Books	837	0	0	837
Bank Service Charges	0	30	68	98
Capital Expenses	0	1,953	0	1,953
Pass Through Expenses	0	3,925	0	3,925
Total Expenditures	837	5,908	68	6,813
 <u>Revenue Over (Under) Expenditures</u>	 340	 (3,408)	 (67)	 (3,135)
 <u>Fund Balance, June 30, 2011</u>	 10,008	 4,300	 1,616	 15,924
 <u>Fund Balance, June 30, 2012</u>	 <u>\$ 10,348</u>	 <u>\$ 892</u>	 <u>\$ 1,549</u>	 <u>\$ 12,789</u>

Please see accompanying notes to the financial statements.

Western Plains Library System
Clinton, Oklahoma
Oklahoma Department of Libraries "Branching Out" Grant
Revenue and Expenditures Compared with Budget
Year Ended June 30, 2012

	<u>Budget</u>	<u>Current Year</u>	<u>(Over) Under Budget</u>
<u>Revenue</u>			
State Grant	\$ 115	\$ 0	\$ 115
<u>Expenditures</u>			
Travel Expenses	<u>115</u>	<u>115</u>	<u>0</u>
Total Expenditures	<u>115</u>	<u>115</u>	<u>0</u>
<u>Revenue Over (Under) Expenditures</u>	<u>\$ 0</u>	<u>\$ (115)</u>	<u>\$ 115</u>

Budget Period 05/15/12 - 07/12/12

Contract No. F-12-290

Please see accompanying notes to the financial statements.

Western Plains Library System
Clinton, Oklahoma
Oklahoma Department of Libraries "Intro to Access" Grant
Revenue and Expenditures Compared with Budget
Year Ended June 30, 2012

	<u>Budget</u>	<u>Current Year</u>	<u>(Over) Under Budget</u>
<u>Revenue</u>			
State Grant	\$ 230	\$ 230	\$ 0
<u>Expenditures</u>			
Travel Expenses	<u>230</u>	<u>230</u>	<u>0</u>
Total Expenditures	<u>230</u>	<u>230</u>	<u>0</u>
<u>Revenue Over (Under) Expenditures</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

Budget Period 05/01/12 - 05/30/12
Contract No. F-12-281

Please see accompanying notes to the financial statements.

Western Plains Library System
 Clinton, Oklahoma
 Oklahoma Department of Libraries-ALA/OLA Grant
 Revenue and Expenditures Compared with Budget
 (Modified Cash Basis)
 Year Ended June 30, 2012

<u>Revenue</u>	<u>Budget</u>	<u>Cumulative 06/30/11</u>	<u>Current Year</u>	<u>Total</u>	<u>(Over) Under Budget</u>
State Grant	3,197	3,197	0	3,197	0
Total Income	3,197	3,197	0	3,197	0
<u>Expenditures</u>					
Registration Fees	400	185	415	600	(200)
Travel Expenses	1,300	1,246	251	1,497	(197)
Lodging Expenses	1,497	202	898	1,100	397
Total Expenditures	3,197	1,633	1,564	3,197	0
<u>Revenue Over (Under) Expenditures</u>	<u>\$ 0</u>	<u>\$ 1,564</u>	<u>\$ (1,564)</u>	<u>\$ 0</u>	<u>\$ 0</u>

Budget Period 03/01/11 - 09/30/11
 Contract No. F-11-182

Please see accompanying notes to the financial statements.