

**ACCOUNTANT'S AUDIT REPORT**

**SOUTHERN PRAIRIE  
LIBRARY SYSTEM**

**JUNE 30, 2011**

BY



**FURRH**  
**& ASSOCIATES**  
CERTIFIED PUBLIC ACCOUNTANTS

**Southern Prairie Library System**  
**Altus, Oklahoma**  
**Year Ended June 30, 2011**

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Kimberly A. Furrh, CPA

Juanita Myers, CPA

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October 1, 2011

**INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Southern Prairie Library System  
Altus, Oklahoma

We have audited the accompanying financial statements of the governmental activities, the blended component unit, each major fund, and the aggregate remaining fund information of Southern Prairie Library System (the System), Altus, Oklahoma, as of and for the year ended June 30, 2011, which collectively comprise the System's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the System's management. Our responsibility is to express an opinion 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 opinion.

As discussed in Note 1, the System prepares its financial statements on the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position (modified cash basis) of the governmental activities, the blended component unit, each major fund, and the aggregate remaining fund information of the System as of June 30, 2011, and the respective changes in the modified cash basis financial position, thereof for the year then ended in conformity with the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated October 1, 2011, on our consideration of the System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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.

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

The budgetary comparison information and related notes, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. It has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements that, collectively, comprise the System's basic financial statements. The other supplemental information is presented for purposes of additional analysis and is not a required part of the basic financial statements of the System. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements.



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

Certified Public Accountants

# Southern Prairie Library System

Altus, Oklahoma

## Statement of Net Assets

(Modified Cash Basis)

June 30, 2011

	<u>Governmental Activities</u>
<b><u>Current Assets</u></b>	
Cash and Cash Equivalents	\$ 392,717
Prepaid Insurance	<u>867</u>
Total Current Assets	393,584
<b><u>Other Assets</u></b>	
Fixed Assets	178,808
Accumulated Depreciation	(163,335)
Other Assets	<u>23,436</u>
Total Other Assets	<u>38,909</u>
<b>Total Assets</b>	<b><u><u>\$ 432,493</u></u></b>
<b><u>Liabilities</u></b>	
Payroll Liabilities	<u>\$ 8,660</u>
Total Liabilities	8,660
<b><u>Net Assets</u></b>	
Capital Assets - Net of Related Debt	15,473
Unreserved	<u>408,360</u>
Total Net Assets	<u>423,833</u>
Total Net Assets and Liabilities	<b><u><u>\$ 432,493</u></u></b>

Please see accompanying notes to the financial statements.



# Southern Prairie Library System

Altus, Oklahoma

Balance Sheet

(Modified Cash Basis)

Governmental Funds

June 30, 2011

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Great Plains Literacy Council</u>	<u>Total Governmental Funds</u>
<u>Assets</u>				
Petty Cash	\$ 115	\$ 0	0	\$ 115
Cash - First State Bank	252,031	0	0	252,031
Cash - National Bank of Commerce	38,374	0	0	38,374
Cash - Midfirst Bank CD	6,218	0	0	6,218
Cash - Great Plains National Bank	17,232	0	20,973	38,205
Cash - Stockmans Bank	11,852	0	0	11,852
Cash - First National Bank	0	45,922	0	45,922
Stock - Principal Financial Group	23,436	0	0	23,436
Prepaid Insurance	867	0	0	867
Total Assets	\$ 350,125	\$ 45,922	\$ 20,973	\$ 417,020

## Liabilities and Fund Balance

Liabilities				
Payroll Liabilities	\$ 8,660	\$ 0	\$ 0	\$ 8,660
Fund Balance				
Unreserved	341,465	45,922	20,973	408,360
Total Liabilities and Fund Balance	\$ 350,125	\$ 45,922	\$ 20,973	\$ 417,020

Please see accompanying notes to the financial statements.

# Southern Prairie Library System

Altus, Oklahoma

Balance Sheet

(Modified Cash Basis)

Governmental Funds

June 30, 2011

Net Assets	\$	408,360
Amounts Reported for Governmental Activities in the Statement of Net Assets are different because:		
Capital Assets Used by Governmental Activities of \$178,808		
Net of Accumulated Depreciation of \$163,335 are not financial resources and, therefore, are not reported in the funds.		<u>15,473</u>
Net Assets of Governmental Activities	\$	<u><u>423,833</u></u>

Please see accompanying notes to the financial statements.

# Southern Prairie Library System

Altus, Oklahoma

## Statement of Revenue, Expenditures, and Changes in Fund Balance

(Modified Cash Basis)

Governmental Funds

Year Ended June 30, 2011

<u>Revenue</u>	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Great Plains Literacy Council</u>	<u>Total Governmental Funds</u>
Property Taxes	\$ 544,589	\$ 0	\$ 0	\$ 544,589
Grant Revenue - State	26,176	0	79,577	105,753
State Aid	25,407	0	0	25,407
Miscellaneous Revenue	13,858	3,988	5,670	23,516
Charges for Services	8,418	0	0	8,418
Grant Revenue - Private	5,000	0	0	5,000
Contributions	3,472	3,085	1,969	8,526
Interest Dividend Income	2,192	238	0	2,430
Total Revenue	629,112	7,311	87,216	723,639
<u>Expenditures</u>				
Salaries and Wages	316,037	0	4,329	320,366
Payroll Taxes and Insurance	129,742	0	2,686	132,428
Informational Materials	43,587	0	0	43,587
Direct Grant Expenditures - State	24,460	0	78,624	103,084
Contract Services	11,087	0	0	11,087
Revaluation	10,098	0	0	10,098
Telephone	9,765	0	0	9,765
Equipment Expense	8,145	0	0	8,145
Supplies	5,353	0	230	5,583
Direct Grant Expenditures - Private	5,000	0	0	5,000

Please see accompanying notes to the financial statements.

# Southern Prairie Library System

Altus, Oklahoma

## Statement of Revenue, Expenditures, and Changes in Fund Balance

(Modified Cash Basis)

Governmental Funds

Year Ended June 30, 2011

	General Fund	Other Governmental Funds	Great Plains Literacy Council	Total Governmental Funds
Program Expense	4,319	0	0	4,319
Travel	4,238	0	928	5,166
Insurance and Bond	3,504	0	672	4,176
Postage and Freight	3,080	0	169	3,249
Automobile Expense	2,505	0	0	2,505
Miscellaneous and Other Expense	2,295	973	358	3,626
Capital Outlay	0	0	11,135	11,135
<b>Total Expenditures</b>	<b>583,215</b>	<b>973</b>	<b>99,131</b>	<b>683,319</b>
<u>Revenue Over (Under) Expenditures</u>	45,897	6,338	(11,915)	40,320
<u>Fund Balance, June 30, 2010</u>	295,568	39,584	32,888	368,040
<u>Fund Balance, June 30, 2011</u>	\$ 341,465	\$ 45,922	\$ 20,973	\$ 408,360

Please see accompanying notes to the financial statements.

# Southern Prairie Library System

Altus, Oklahoma

## Statement of Revenue, Expenditures, and Changes in Fund Balance

(Modified Cash Basis)

Governmental Funds

Year Ended June 30, 2011

	General Fund	Other Governmental Funds	Great Plains Literacy Council	Total Governmental Funds
<u>Reconciliation to Statement of Activities</u>				
Net Changes in Fund Balance - Total Governmental Funds				\$ 40,320
Governmental Funds report Capital Outlay as expenditures while Governmental Activities report depreciation expense to allocate those expenditures over the life of the assets.				
Capital Assets Purchased and Capitalized Depreciation Expense				(6,701)
Change in Net Assets of Governmental Activities				\$ 33,619

Please see accompanying notes to the financial statements.

# Southern Prairie Library System

Altus, Oklahoma

Combining Balance Sheet

(Modified Cash Basis)

Special Revenue Funds

June 30, 2011

	<u>Special Acquisition Fund</u>	<u>Plant Replacement Fund</u>	<u>Total Special Revenue Funds</u>
<u>Assets</u>			
Cash - First National Bank	\$ 38,712	\$ 7,210	\$ 45,922
Total Assets	<u>\$ 38,712</u>	<u>\$ 7,210</u>	<u>\$ 45,922</u>
<u>Liabilities and Fund Balance</u>			
Liabilities	0	0	0
Fund Balance			
Unreserved	<u>38,712</u>	<u>7,210</u>	<u>45,922</u>
Total Liabilities and Fund Balance	<u>\$ 38,712</u>	<u>\$ 7,210</u>	<u>\$ 45,922</u>

Please see accompanying notes to the financial statements.

# Southern Prairie Library System

Altus, Oklahoma

## Combining Statement of Revenue, Expenditures, and Changes in Fund Balance

(Modified Cash Basis)

Special Revenue Funds

Year Ended June 30, 2011

<u>Revenue</u>	<u>Special Acquisition Fund</u>	<u>Plant Replacement Fund</u>	<u>Total Special Revenue</u>
Miscellaneous Revenue	\$ 3,988	\$ 0	\$ 3,988
Contributions	3,085	0	3,085
Interest Dividend Income	203	35	238
<b>Total Revenue</b>	<b>7,276</b>	<b>35</b>	<b>7,311</b>
<u>Expenditures</u>			
Miscellaneous	973	0	973
Capital Outlay	0	0	0
<b>Total Expenditures</b>	<b>973</b>	<b>0</b>	<b>973</b>
<u>Revenue Over (Under) Expenditures</u>	6,303	35	6,338
<u>Fund Balance, June 30, 2010</u>	32,409	7,175	39,584
<u>Fund Balance, June 30, 2011</u>	<u>\$ 38,712</u>	<u>\$ 7,210</u>	<u>\$ 45,922</u>

Please see accompanying notes to the financial statements.

# Southern Prairie Library System

Altus, Oklahoma

Notes to Financial Statements

Year Ended June 30, 2011

## Note 1- Accounting Policies

The Southern Prairie Library System (the System) is a multi-county quasi-governmental organization under Title 65 (Multi-County Act) of the Oklahoma Statutes. The System is governed by a board of directors appointed by the county commissioners of Jackson and Harmon Counties, and by all cities in the two counties with populations of 2,000 or more. Presently, there are only 2 cities, Altus and Hollis, Oklahoma, that are represented on the board of directors.

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

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

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

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 fund types.

### Governmental Fund Types

1. 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.

# Southern Prairie Library System

Altus, Oklahoma

Notes to Financial Statements

Year Ended June 30, 2011

2. Special Revenue Funds - Special revenue funds are used to account for the proceeds of specific revenue resources that are legally or administratively restricted to expenditures for specific purposes. The System's current special revenue funds include:
  - a. Special Acquisition Fund
  - b. Plant Replacement Fund
3. Component Unit- Great Plains Literacy Council

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.

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

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

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

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

The System is exempt from federal and state income taxes.

## **Note 2 - Budgetary Accounting**

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

# Southern Prairie Library System

Altus, Oklahoma

Notes to Financial Statements

Year Ended June 30, 2011

## Note 3 - Cash and Cash Equivalents

Cash and cash equivalents include the following accounts:

Cash Change Fund	\$	40
Petty Cash Fund		75
Midfirst Bank - Certificate of Deposit		6,218
First National Bank - Plant Replacement Checking		7,210
Stockman's Bank - Checking		11,852
Great Plains National Bank - Money Market		17,232
National Bank of Commerce - GPLC checking		20,973
National Bank of Commerce - Money Market		38,374
First National Bank - Acquisition Checking		38,712
First State Bank - Checking		252,031
Total Cash & Cash Equivalents	\$	392,717

The cash on deposit with the First State Bank of Altus, Oklahoma, is covered by F.D.I.C. insurance (up to \$250,000.00) and a collateral pledge of \$500,000.00 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.
- 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
\$ 392,602	\$ 0	\$ 115	\$ 392,717

**Southern Prairie Library System**  
**Altus, Oklahoma**  
**Notes to Financial Statements**  
**Year Ended June 30, 2011**

**Note 4 - Fixed Assets**

Current year changes in fixed assets were as follows:

	<u>Property, Plant and Equipment</u>	<u>Accumulated Depreciation</u>
Balance as of 07/01/2010	\$ 183,108	\$ 160,934
Additions	0	6,701
Disposals	<u>(4,300)</u>	<u>(4,300)</u>
Balance as of 06/30/2011	<u>\$ 178,808</u>	<u>\$ 163,335</u>

**Note 5 - Other Assets**

The System owns 1,116 shares of Principal Financial Group stock. This stock was acquired in October 2001 when Principal Financial Group changed from a mutual company to a stock company. The value of the stock at acquisition was approximately \$23,436 with a market value of \$33,949 at June 30, 2011.

**Note 6 - Compensated Absences**

Due to the accounting method chosen by the System, modified cash basis, the compensated absences liability is not recorded on the financial statements. The accrued liability for compensated employee absences as of June 30, 2011 totals \$35,996 which includes earned but unpaid annual leave, vacation pay and compensatory wages.

**Note 7 - Tax Revenues**

Approximately 75% 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 citizen's of Jackson and Harmon counties. Approximately 73% of the ad valorem tax revenues were received in November and December 2010 and January 2011. Property tax revenues are recognized when received.

# Southern Prairie Library System

Altus, Oklahoma

Notes to Financial Statements

Year Ended June 30, 2011

## Note 8 - 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-11-002	\$ 59,977	\$ 59,977
Contract No. F-11-019	9,500	9,500
Contract No. F-11-041	9,000	9,000
Contract No. F-11-042	5,161	5,161
Contract No. F-11-103	400	400
Contract No. F-11-192	700	700
Oklahoma Art Council		
Contract No. FY 10-1063-1815	2,000	0
Contract No. FY 11-1164-1917	1,515	1,515
Contract No. FY 11-1532-2503	0	2,500
Oklahoma Humanities Council		
Contract No. Y10.102	2,539	2,539
Contract No. Y10.803	8,500	8,500
Priddy Foundation		
Amo Leer Grant	5,000	5,000
Total	<u>\$ 104,292</u>	<u>\$ 104,792</u>

## Note 9 - Insurance Coverage

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

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

# Southern Prairie Library System

Altus, Oklahoma

Notes to Financial Statements

Year Ended June 30, 2011

Employer Liability  
Position Fidelity Bond

## **Note 10 - Related Party Transactions**

The cities of Altus and Hollis, Oklahoma, provide financial support to the Southern Prairie Library System by furnishing buildings and buildings operating expensing, including utilities and building and contents insurance, for the operation of the library. The System is dependent upon this related party support as part of its operational costs.

## **Note 11 - Contingencies**

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

## **Note 12 - Personnel**

### Board of Directors

Jacquelyn Parish – Chairperson  
Gerald Smith – Vice Chairperson  
Margaret Worrell – Treasurer  
Judie Gallagher – Member  
Marti Taylor – Member

### Executive Director

Katherine Hale

### Administration

Tammy Davis

### Legal Counsel

John Wampler – District Attorney



Kimberly A. Furrh, CPA

Juanita Myers, CPA

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October 1, 2011

**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 Directors  
Southern Prairie Library System  
Altus, Oklahoma

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Southern Prairie Library System (the System), Altus, Oklahoma, as of and for the year ended June 30, 2011, which collectively comprise the System's basic financial statements and have issued our report thereon dated October 1, 2011. The System did not present the Management's Discussion and Analysis that the Governmental Accounting Standards Board (GASB) has determined is necessary to supplement, although not required to be a part of, the basic financial statements. 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 the System's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the System's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the System's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency or combination of control deficiencies, that adversely affects the System's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the System's financial statements that is more than inconsequential will not be prevented or detected by the System's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the System's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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 the 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 the audit committee, management and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

  
FURRH & ASSOCIATES, PC  
Certified Public Accountants

# Southern Prairie Library System

Altus, Oklahoma

General Fund

Statement of Revenue, Expenditures, and Changes in Fund Balance

Budget and Actual

(Modified Cash Basis)

Year Ended June 30, 2011

	Original Budget	Actual	(Over) Under Budget
<b><u>Revenue</u></b>			
Property Taxes - Jackson County	\$ 415,558	\$ 469,345	\$ (53,787)
Property Taxes - Harmon County	62,877	75,244	(12,367)
State Aid - OK Department of Libraries	22,927	25,407	(2,480)
Grant Revenue	0	31,176	(31,176)
Charges for Services	28,000	22,276	5,724
Interest Dividend Income	0	2,192	(2,192)
Contributions	0	3,472	(3,472)
Total Revenue	529,362	629,112	(99,750)
<b><u>Expenditures</u></b>			
Salaries and Wages	344,226	316,037	28,189
Employee Insurance	98,416	95,666	2,750
Informational Materials - Books	87,500	28,229	59,271
Reserves	40,000	0	40,000
Payroll Taxes	30,117	34,076	(3,959)
Contract Services	24,000	11,087	12,913
Capital Outlay	23,000	0	23,000
Informational Materials - Serials	15,500	14,743	757
Automobile Expense	14,000	2,505	11,495
Equipment Expense	12,000	8,145	3,855
Supplies	10,500	5,353	5,147
Revaluation	10,500	10,098	402
Travel	6,000	4,238	1,762
Program Expense	6,900	4,319	2,581
Postage and Freight	4,500	3,080	1,420
Telephone	6,000	9,765	(3,765)
Insurance and Bond	5,000	879	4,121
Miscellaneous	3,000	2,295	705
Informational Materials - Audiovisual	3,500	615	2,885
Workers Compensation Insurance	3,440	2,625	815

Please see accompanying notes to the financial statements.

**Southern Prairie Library System**  
**Altus, Oklahoma**  
**General Fund**  
**Statement of Revenue, Expenditures, and Changes in Fund Balance**  
**Budget and Actual**  
**(Modified Cash Basis)**  
**Year Ended June 30, 2011**

	<u>Original Budget</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
Informational Materials - Other	1,000	0	1,000
Direct Grant Expenditures	0	29,460	(29,460)
Total Expenditures	<u>749,099</u>	<u>583,215</u>	<u>165,884</u>
<u>Revenue Over (Under) Expenditures</u>	(219,737)	45,897	(265,634)
<u>Fund Balance, June 30, 2010</u>	<u>274,679</u>	<u>295,568</u>	<u>(20,889)</u>
<u>Fund Balance, June 30, 2011</u>	<u>\$ 54,942</u>	<u>\$ 341,465</u>	<u>\$ (286,523)</u>

Please see accompanying notes to the financial statements.

**Southern Prairie Library System**  
**Altus, Oklahoma**  
**Notes to Required Supplemental Information**  
**Year Ended June 30, 2011**

**Note 1 - Budgetary Policies**

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

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

The System prepares an annual operating budget for its General Fund. The System does not prepare an operating budget for its Special Revenue Funds or its blended component unit. Specific grant funds operated within the General Fund, Special revenue Funds and blended component unit are operated under budgets required by the grant documents. The System prepares its annual operating budget on the revenue and expenditures.

The System operated within its budget for the current year.

**Southern Prairie Library System**  
**Altus, Oklahoma**  
**Great Plains Literacy Council**  
**Oklahoma Department of Libraries-TANF Literacy Grant**  
**Revenue and Expenditures Compared with Budget**  
**(Modified Cash Basis)**  
**Year Ended June 30, 2011**

	<u>Budget</u>	<u>Current Year</u>	<u>(Over) Under Budget</u>
<b><u>Revenue</u></b>			
State Grant	\$ 59,977	\$ 59,977	\$ 0
<b><u>Expenditures</u></b>			
Personnel	55,934	53,322	2,612
Equipment	4,043	6,655	(2,612)
Total Expenditures	<u>59,977</u>	<u>59,977</u>	<u>0</u>
<b><u>Revenue Over (Under) Expenditures</u></b>	<b><u>\$ 0</u></b>	<b><u>\$ 0</u></b>	<b><u>\$ 0</u></b>

Budget Period 07/01/10 - 06/30/11

Contract No. F-11-002

Please see accompanying notes to the financial statements.

**Southern Prairie Library System**  
**Altus, Oklahoma**  
**Great Plains Literacy Council**  
**Oklahoma Department of Libraries-Community Literacy Grant**  
**Revenue and Expenditures Compared with Budget**  
**(Modified Cash Basis)**  
**Year Ended June 30, 2011**

	<b>Budget</b>	<b>Current Year</b>	<b>(Over) Under Budget</b>
<b><u>Revenue</u></b>			
State Grant	\$ 9,500	\$ 9,500	\$ 0
<b><u>Expenditures</u></b>			
Personnel	8,640	8,640	0
Payroll Tax	661	661	0
Travel	0	0	0
Miscellaneous	199	199	0
Total Expenditures	9,500	9,500	0
<b><u>Revenue Over (Under) Expenditures</u></b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>

Budget Period 07/19/10 - 06/30/11  
Contract No. F-11-019

Please see accompanying notes to the financial statements.

**Southern Prairie Library System**  
**Altus, Oklahoma**  
**Great Plains Literacy Council**  
**Oklahoma Department of Libraries-Literacy Support Grant**  
**Revenue and Expenditures Compared with Budget**  
**(Modified Cash Basis)**  
**Year Ended June 30, 2011**

	<u>Budget</u>	<u>Current Year</u>	<u>(Over) Under Budget</u>
<b><u>Revenue</u></b>			
State Grant	\$ 9,000	\$ 9,000	\$ 0
<b><u>Expenditures</u></b>			
Personnel	6,480	6,480	0
Payroll Tax	496	496	0
Travel	632	632	0
Materials and Equipment	756	756	0
Miscellaneous	636	636	0
Total Expenditures	<u>9,000</u>	<u>9,000</u>	<u>0</u>
<u>Revenue Over (Under) Expenditures</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

Budget Period 08/01/10 - 06/30/11  
Contract No. F-11-041

Please see accompanying notes to the financial statements.

**Southern Prairie Library System**  
**Altus, Oklahoma**  
**Oklahoma Department of Libraries-Siga Adelante Expansion Grant**  
**Revenue and Expenditures Compared with Budget**  
**(Modified Cash Basis)**  
**Year Ended June 30, 2011**

	<u>Budget</u>	<u>Current Year</u>	<u>(Over) Under Budget</u>
<b><u>Revenue</u></b>			
State Grant	\$ 5,161	\$ 5,161	\$ 0
<b><u>Expenditures</u></b>			
Materials and Equipment	<u>5,161</u>	<u>5,161</u>	<u>0</u>
Total Expenditures	<u>5,161</u>	<u>5,161</u>	<u>0</u>
<u>Revenue Over (Under) Expenditures</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

Budget Period 07/26/10 - 08/31/10  
Contract No. F-11-042

Please see accompanying notes to the financial statements.

**Southern Prairie Library System**  
**Altus, Oklahoma**  
**Great Plains Literacy Council**  
**Oklahoma Department of Libraries-TANF CE Grant**  
**Revenue and Expenditures Compared with Budget**  
**(Modified Cash Basis)**  
**Year Ended June 30, 2011**

	<b>Budget</b>	<b>Current Year</b>	<b>(Over) Under Budget</b>
<b><u>Revenue</u></b>			
State Grant	\$ 400	\$ 400	\$ 0
<b><u>Expenditures</u></b>			
Continuing Education	400	400	0
Total Expenditures	400	400	0
<b><u>Revenue Over (Under) Expenditures</u></b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>

Budget Period 07/01/10 - 06/30/11  
Contract No. F-11-103

Please see accompanying notes to the financial statements.

**Southern Prairie Library System**  
**Altus, Oklahoma**  
**Great Plains Literacy Council**  
**Oklahoma Department of Libraries-Literacy Materials Grant**  
**Revenue and Expenditures Compared with Budget**  
**(Modified Cash Basis)**  
**Year Ended June 30, 2011**

	<u>Budget</u>	<u>Current Year</u>	<u>(Over) Under Budget</u>
<b><u>Revenue</u></b>			
State Grant	\$ 700	\$ 700	\$ 0
<b><u>Expenditures</u></b>			
Equipment/Materials	<u>700</u>	<u>700</u>	<u>0</u>
<b><u>Revenue Over (Under) Expenditures</u></b>	<b><u>\$ 0</u></b>	<b><u>\$ 0</u></b>	<b><u>\$ 0</u></b>

Budget Period 03/21/11 - 05/31/11  
Contract No. F-11-192

Please see accompanying notes to the financial statements.

**Southern Prairie Library System**  
**Altus, Oklahoma**  
**Oklahoma Arts Council - Make a Splash Grant**  
**Revenue and Expenditures Compared with Budget**  
**(Modified Cash Basis)**  
**Year Ended June 30, 2011**

	<u>Budget</u>	<u>Cumulative 06/30/10</u>	<u>Current Year</u>	<u>Total</u>	<u>(Over) Under Budget</u>
<b><u>Revenue</u></b>					
State Grant	\$ 2,000	\$ 0	\$ 2,000	\$ 2,000	\$ 0
Matching Funds	0	440	0	440	(440)
Total Income	2,000	440	2,000	2,440	(440)
<b><u>Expenditures</u></b>					
Materials	2,000	2,440	0	2,440	(440)
Total Expenditures	2,000	2,440	0	2,440	(440)
<b>Revenue Over (Under) Expenditures</b>	<b>\$ 0</b>	<b>\$ (2,000)</b>	<b>\$ 2,000</b>	<b>\$ 0</b>	<b>\$ 0</b>

Budget Period 07/01/09 - 06/30/10  
Contract No. FY2010 1063-1815

**Southern Prairie Library System**  
**Altus, Oklahoma**  
**Oklahoma Arts Council - Summer Art Splash II**  
**Revenue and Expenditures Compared with Budget**  
**(Modified Cash Basis)**  
**Year Ended June 30, 2011**

	<u>Budget</u>	<u>Current Year</u>	<u>(Over) Under Budget</u>
<b><u>Revenue</u></b>			
State Grant	\$ 1,515	\$ 1,515	\$ 0
Matching Funds	<u>0</u>	<u>535</u>	<u>(535)</u>
Total Expenditures	<u>1,515</u>	<u>2,050</u>	<u>(535)</u>
<b><u>Expenditures</u></b>			
Materials	<u>1,515</u>	<u>2,050</u>	<u>(535)</u>
Total Expenditures	<u>1,515</u>	<u>2,050</u>	<u>(535)</u>
<u>Revenue Over (Under) Expenditures</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

Budget Period 07/01/10 - 06/30/11  
Contract No. 1164-1917

Please see accompanying notes to the financial statements.

**Southern Prairie Library System**  
**Altus, Oklahoma**  
**Oklahoma Arts Council - Arts Around the World**  
**Revenue and Expenditures Compared with Budget**  
**(Modified Cash Basis)**  
**Year Ended June 30, 2011**

	<b>Budget</b>	<b>Current Year</b>	<b>(Over) Under Budget</b>
<b><u>Revenue</u></b>			
State Grant	\$ 2,500	\$ 0	\$ 2,500
Matching Funds	0	275	(275)
Total Expenditures	2,500	275	2,225
<b><u>Expenditures</u></b>			
Programs	2,500	2,775	(275)
Total Expenditures	2,500	2,775	(275)
<b><u>Revenue Over (Under) Expenditures</u></b>	<b>\$ 0</b>	<b>\$ (2,500)</b>	<b>\$ 2,500</b>

Budget Period 06/01/11 - 06/30/11  
Contract No. 1532-2503

Please see accompanying notes to the financial statements.

# Southern Prairie Library System

Altus, Oklahoma

Oklahoma Humanities Council - Historical Tapestry Tour of SW Oklahoma

Revenue and Expenditures Compared with Budget

(Modified Cash Basis)

Year Ended June 30, 2011

	<u>Budget</u>	<u>Current Year</u>	<u>(Over) Under Budget</u>
<b><u>Revenue</u></b>			
State Grant	\$ 7,785	\$ 2,539	\$ 5,246
Matching Funds	11,480	2,849	8,631
Total Revenues	19,265	5,388	13,877
<b><u>Expenditures</u></b>			
Outsource	5,000	2,539	2,461
Organizational Resources	4,628	0	4,628
In Kind Donations	4,067	49	4,018
Third Party Gifts	2,785	2,800	(15)
Third Party Gifts for Match	2,785	0	2,785
Total Expenditures	19,265	5,388	13,877
<u>Revenue Over (Under) Expenditures</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

Budget Period 01/01/10 - 05/31/11

Contract No. Y10.102

CFDA No. 45.168

Please see accompanying notes to the financial statements.

**Southern Prairie Library System**  
**Altus, Oklahoma**  
**CFDA - 2010 Oklahoma Chautauqua Grant**  
**Revenue and Expenditures Compared with Budget**  
**(Modified Cash Basis)**  
**Year Ended June 30, 2011**

	<u>Budget</u>	<u>Current Year</u>	<u>(Over) Under Budget</u>
<b><u>Revenue</u></b>			
State Grant	\$ 8,500	\$ 8,500	\$ 0
Matching Funds	<u>32,288</u>	<u>32,288</u>	<u>0</u>
 Total Revenues	 40,788	 40,788	 0
<b><u>Expenditures</u></b>			
Organizational Resources	27,338	27,338	0
Shortgrass Arts & Humanities Council	8,500	8,500	0
Third Party Gifts for Match	3,500	3,500	0
In Kind Donations	<u>1,450</u>	<u>1,450</u>	<u>0</u>
 Total Expenditures	 40,788	 40,788	 0
 <u>Revenue Over (Under) Expenditures</u>	 <u>\$ 0</u>	 <u>\$ 0</u>	 <u>\$ 0</u>

Budget Period 04/01/10 - 07/31/10  
Contract No. Y10.803  
CFDA No. 45.168

Please see accompanying notes to the financial statements.

**Southern Prairie Library System**  
**Altus, Oklahoma**  
**Priddy Foundation - Amo Leer Grant**  
**Revenue and Expenditures Compared with Budget**  
**(Modified Cash Basis)**  
**Year Ended June 30, 2011**

	<u>Budget</u>	<u>Current Year</u>	<u>(Over) Under Budget</u>
<b><u>Revenue</u></b>			
Private Foundation	\$ 5,000	\$ 5,000	\$ 0
Total Expenditures	<u>5,000</u>	<u>5,000</u>	<u>0</u>
<b><u>Expenditures</u></b>			
Materials	<u>5,000</u>	<u>5,000</u>	<u>0</u>
Total Expenditures	<u>5,000</u>	<u>5,000</u>	<u>0</u>
<u>Revenue Over (Under) Expenditures</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

Budget Period 07/01/10 - 06/30/11

Please see accompanying notes to the financial statements.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the System's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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 the 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 the audit committee, management and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

**FURRH & ASSOCIATES, PC**  
Certified Public Accountants