

RECEIPT #

16919

FILED

NOV 28 2011

State Auditor & Inspector

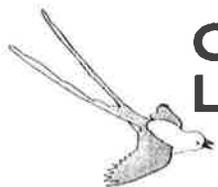
**CHICKASAW REGIONAL LIBRARY SYSTEM
FINANCIAL STATEMENTS
AND
AUDITORS' REPORT
JUNE 30, 2011**



**Chambers, Jackson & Fox
A Professional Corporation
Certified Public Accountants
Ardmore, Oklahoma**

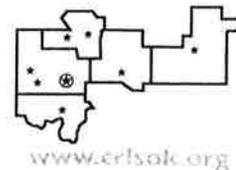
TABLE OF CONTENTS

MANAGEMENT DISCUSSION AND ANALYSIS	3-21
COMBINED GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS, STATEMENT OF BUDGET TO ACTUAL	22
INDEPENDENT AUDITORS' REPORT	23
FINANCIAL STATEMENTS	
STATEMENT OF NET ASSETS AND GOVERNMENTAL FUNDS BALANCE SHEET	24
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES	25
STATEMENT OF CASH FLOWS - CASH BASIS	26
NOTES TO FINANCIAL STATEMENTS	27-31
SUPPLEMENTAL INFORMATION	32
INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTAL INFORMATION INCLUDING THE SCHEDULES OF STATE FINANCIAL ASSISTANCE	33
SCHEDULE OF PROGRAM AND SUPPORT SERVICES EXPENSES - CASH BASIS	34
SCHEDULE OF FEDERAL AND STATE FINANCIAL ASSISTANCE	35
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	36-37



Chickasaw Regional (Public) Library System

Free Public Library Services for
Carter, Atoka, Johnston, Love and Murray Counties



www.crlsok.org

System Headquarters Library

601 Railway Express
Ardmore, OK 73401
Bus: (580) 223-3164
Fax: (580) 223-3280
E-mail: ardmore@crlsok.org

Atoka County Library

215 East A Street
Atoka, OK 74525
Bus: (580) 889-3555
Fax: (580) 889-8860
E-mail: atoka@crlsok.org

Davis Public Library

209 East Benton
Davis, OK 73030
Bus: (580) 369-2468
Fax: (580) 369-3290
E-mail: davis@crlsok.org

Healdton Community Library

554 4th Street
Healdton, OK 73438
Bus: (580) 229-0590
Fax: (580) 229-0654
E-mail: healdton@crlsok.org

Johnston County Library

116 West Main
Tishomingo, OK 73460
Bus: (580) 371-3006
Fax: (580) 371-0042
E-mail: tishomingo@crlsok.org

Love County Library

500 South Hwy. 77
Marietta, OK 73448
Bus: (580) 276-3783
Fax: (580) 276-1483
E-mail: marietta@crlsok.org

Mary E. Parker Memorial Library

500 West Broadway
Sulphur, OK 73086
Bus: (580) 622-5807
Fax: (580) 622-6395
E-mail: sulphur@crlsok.org

Wilson Public Library

1087 US Hwy. 70A
Wilson, OK 73463
Bus: (580) 668-2486
Fax: (580) 668-9280
E-mail: wilson@crlsok.org

Management Discussion & Analysis Chickasaw Regional Library System For the Year Ending June 30, 2011 (unaudited)

MISSION STATEMENT

"The Mission of the Chickasaw Regional Library System is to provide free, open and equal access to informational, educational, cultural, and recreational materials and services to all members of the community."*

*Adopted by the Board of Trustees in May, 2004

BACKGROUND

Today, the Chickasaw Regional (Public) Library System (CRLS) serves approximately 95,607 in the five (5) county area of Atoka, Carter, Johnston, Love and Murray. At the end of FY 2011 CRLS had 64,109 registered borrowers, correlating to 67% of the population of the region.

Multi-County Library Systems were established and are regulated in Oklahoma as set forth by Title 65, Article 4, Section 202-206 of the Oklahoma Statutes. The Chickasaw Regional Library System (CRLS) was established in the 1960's in accordance with Title 65 of the Statutes as member counties voted to approve ad valorem taxes to support the multi-county library system. Today, CRLS has eight (8) libraries operating in the five (5) Oklahoma counties of Carter, Atoka, Johnston, Love and Murray.

Management Discussion & Analysis
Chickasaw Regional Library System
For the Year Ending June 30, 2011
(Unaudited)

Presently, financial support for CRLS is at two (2) mills per \$1,000 assessed valuation in all five counties.

CRLS is the lowest funded library system per capita in Oklahoma. Most multi-county system libraries in the state are funded at a four (4) mill level for all or the majority of their counties. Pioneer (Multi-County) Library System, headquartered in Norman, is now funded at six (6) mills. Municipal single county libraries are at five (5) + mills.

TRUSTEES

CRLS is governed by thirteen (13) Trustees who are appointed by the city and county commissioners for the respective communities they represent. In compliance with Oklahoma State Statute 65:4-101, John Veazey, representing Carter County, was appointed to replace Bob Willis who had served his legal limit. Jessica Mueller, representing the City of Sulphur, was appointed to replace Cheri Gordon. Debbie Thomson, representing Murray County, was appointed to replace Karen Hilliard.

FY 2011 Trustees are as follows:

<u>Board Member</u>	<u>Represents</u>	<u>Location</u>
Christy Mordy	City	Ardmore
John Veazey	County	Carter
Marvin Leeper	City	Atoka
Virginia Reasor	County	Atoka
Shawn Tinsley	City	Davis
Cleo LeVally	City	Healdton
Janice Price	City	Lone Grove
Fred Poe	County	Johnston
Beth Willis	City	Marietta
Melodye Griffin	County	Love

Management Discussion & Analysis
Chickasaw Regional Library System
For the Year Ending June 30, 2011
(Unaudited)

Jessica Mueller	City	Sulphur
Jim Kennedy	City	Tishomingo
Debbie Thomson	County	Murray

PERSONNEL

Paid employees for FY 2011 include 18 full-time professional, paraprofessionals and other support staff along with approximately 6 part-time personnel. For accounting purposes, branch managers who work 30+ hours per week are considered "full-time" employees. Personnel expenditures of \$813,139 for FY 2011 are \$36,861 under the budget estimate. These expenditures are approximately 60% of CRLS' projected budget for FY 2011. For the second half of FY 2011, a consultant was under contract for all IT work and responsibilities. This cost is reflected in the contractual area of the budget.

Based on continuing feedback from customers, personnel are CRLS' most important asset. They appreciate the quality and friendly atmosphere and service, and the fact that we go above and beyond to provide them with the information, resources and services they need. While understaffed, CRLS personnel continue to strive for excellence.

SERVICES

In the spirit of "free public access" endorsed, promoted and practiced by libraries throughout the United States, CRLS serves the citizens in the five-county region and beyond in a multitude of ways. CRLS provides information and access to information in a seamless manner in many formats: print, electronic within the library and to remote locations (home, office, etc.), specialized on-line databases, instruction through classes and individual assistance as needed, programs for infants, youth and adults, film (VHS and DVD), music (tape and CD), and microfilm (i.e., *The Daily Ardmoreite* from beginning of publication). Services include, but are not

Management Discussion & Analysis
Chickasaw Regional Library System
For the Year Ending June 30, 2011
(Unaudited)

limited to, reference, reader's advisory and Interlibrary loan. Many of CRLS customers would not know how to access specialized information and resources without the assistance of skilled reference personnel. Whenever possible, CRLS partners with other state, regional and local community organizations to provide resources and programs with a cost savings and some resources that would not be readily available without these networks. All CRLS libraries have meeting rooms that are available and free to the public.

ANNUAL CIRCULATION & USE OF LIBRARIES

Customer use of all CRLS libraries and resources for FY 2011 totals 661,385, up slightly over last year. This includes circulation of materials, use of public access computers, in-house use of materials (newspapers, reference books, periodicals, microfilm, etc.), program attendance and reference questions. This correlates to 6.9 transactions or use per capita and 9.9 transactions per card holder.

A statistical review of use of CRLS libraries shows the following breakdown for FY 2011:

Circulation-----	392,839
Computer/Internet-----	39,115
In-house Use-----	218,124
Program Attendance-----	9,938
Interlibrary Loan-----	1,369

While overall statistics are up over FY 2010, the use of public access computers and the Internet is down from last year. This reflects a growing national trend that more people and families have computers at home and laptops that they take with them. All CRLS libraries have an increasing number of people using wireless services both in the facilities and in our parking lots. At this time it is impossible to track use of wireless service outside of the building, so there is no reliable statistical data available. Management and IT is working on a solution for this.

Management Discussion & Analysis
Chickasaw Regional Library System
For the Year Ending June 30, 2011
(Unaudited)

Approximately \$181,338 was spent in FY 2011 to provide informational and recreational materials, as well as electronic access, to better serve the public. The \$181,338 includes approximately \$58,038 in E-Rate discounts for Internet and Telecommunications access. These discounts are discussed later in this report. In 2010 CRLS expended approximately \$147,767 for these services. Both years' expenditures reflect CRLS' focus on offering more electronic online resources throughout the region to reach more citizens and those who have been classified as "non-users" and/or "non-readers." Many of CRLS' Databases are used remotely, making statistical data for these services difficult to track.

At the conclusion of FY 2011, records show that CRLS (system-wide) has approximately 183,666 bound (print) volumes and 104,443 titles. During FY 2011, 7,354 bound volumes were added and 14,819 were deselected (removed). The System has 122 subscriptions and 224 units in periodicals and newspapers. Staff makes every effort to keep CRLS' collections current and relevant, as well as create more shelf space for

new materials. A total of 36 Licensed Databases are available for CRLS patrons. There are 23 databases provided at the state and federal level and 13 paid for directly by CRLS. These databases are available to patrons within CRLS libraries and are accessible remotely at their home and/or at their office.

FINANCIAL OVERVIEW FOR FISCAL YEAR 2010/2011

FY 2011 Budget (Income & Expenditures)	-	\$1,353,439
FY 2011 Actual Income	-	\$1,403,382
FY 2011 Expenditures	-	\$1,259,659
FY 2011 Expenditures (with depreciation)	-	\$1,453,490

Management Discussion & Analysis
Chickasaw Regional Library System
For the Year Ending June 30, 2011
(Unaudited)

The major portion of CRLS' funding comes from county ad valorem taxes of two (2) mills, as mentioned above. Ad valorem generated \$1,200,738 in income for FY 2011, as compared with \$1,143,126 for FY 2010 reflecting an increase of \$57,612 in income.

Another significant part of CRLS' income is State Aid, administered by the Oklahoma Department of Libraries (ODL). FY 2011 State Aid of \$76,505 was received. However, \$7,831 of this funding was for FY 2010, but was received in July or August. State Aid for FY 2011 was actually \$68,674, reflecting a decrease. The formula is based on population and the square miles within the multi-county district.

"Other income" for CRLS varies from year to year, depending on projects, programming, available grant funding and miscellaneous income. Another variation in income is shown in the area of "Royalty Income" from the Michael Bevins estate. In FY 2011 royalty income was \$16,225; in FY 2010 royalty income was \$30,377. The difference (-14,152) reflects the variation in profit and loss for the energy industry at the state level.

Funding for programming is a small but important part of CRLS' income. While it is a marginal dollar amount of the overall budget, it is significant in the "value added" range of CRLS' services targeting young people, families and adults. It supports the fact that community businesses, organizations and individuals feel that CRLS' programming for infants and toddlers, young people and adults is important for our communities. Funding for programming includes donations and grants. In FY 2011, CRLS received approximately \$16,154 (up \$5,494 from 2010) in this category plus several "in kind" donations of gift certificates. This income does not reflect matching "grants" from the Oklahoma Humanities Council for "Let's Talk About It, Oklahoma" programs. Those monies are paid directly to the scholars.

One important source of funding for CRLS for the past twelve (12) years that is not directly reflected in the budget is the Universal Service (aka E-Rate) discounts for telephone and Internet services for schools, public

Management Discussion & Analysis
Chickasaw Regional Library System
For the Year Ending June 30, 2011
(Unaudited)

libraries and rural health departments. For CRLS, the FY 2011 discount for Internet and telephone services for all libraries and the outreach program was \$58,038. Annually, it varies from \$50 – \$59,000 depending on the discount percentage which is based on the free and reduced school lunch rate for each local district in which the community library is located. Universal Service discounts are approved by the Schools and Libraries Division (SLD) of the Universal Service Administration Company, a division of the Federal Communication Commission (FCC). There is a multi-tiered annual application process which is complex, time consuming and problematic at best. While the discounts for these services are absolutely essential for CRLS to provide T1 access and efficient telephone and operating systems, and while these discounts are appreciated, it must be noted that to obtain these discounts one must work through the worst of the federal bureaucratic process! Oklahoma USF program funds regional toll free lines for CRLS which provides a significant cost savings on calls between branch libraries and Headquarters.

Federal law, *The Communications Internet Protection Act* (CIPA), mandated that all public libraries receiving federal funding must filter public access computers. The iPrism Filtering System, one of the least intrusive filtering systems, is installed throughout CRLS libraries. In FY 2011, the System spent \$4,192 on iPrism.

TECHNOLOGY

Because technology upgrades from 2008-2010 were significant, minimal replacements and upgrades were made in FY 2011. Several computers were added or replaced as needed.

In January 2011, the consulting firm, Turn-Key Information Technology was hired to maintain and improve all technology access and systems. In today's fast paced, information driven, "instant gratification" society, technology is of critical importance to those CRLS serves. Security of records and personal information is also a high priority. There is no going "backwards" where technology is concerned.

**Management Discussion & Analysis
Chickasaw Regional Library System
For the Year Ending June 30, 2011
(Unaudited)**

PROGRAMS

CRLS' programming includes, but is not limited to, the following:

- **Summer Reading Program (SRP)**

CRLS participates in the statewide program sponsored by the Oklahoma Department of Libraries. Four (4) programs or more are held at each CRLS library at the end of May and through July. The theme for FY 2011 was **“One World; Many Stories”**. Funding to engage regional performers, such as magicians, ventriloquists, puppeteers and professional storytellers is supported by local business, organizations and private partners. SRP in FY 2011 included more teen programs. Total program attendance for children and teens system-wide for the past three (3) years is as follows:

FY 2011	-	4,157
FY 2010	-	3,437
FY 2009	-	3,474

This includes children and their caregivers and teens for 49 programs in 2011.

- **Preschool Story Time Programs**

From September through May all CRLS libraries have story time programs for preschool children at least once a week. The Wilson Public Library typically has two a week to accommodate preschool centers who regularly bring their children. Ardmore also hosts a lapsit program for infants (6 months and over), toddlers and their parents.

- **Teen Book Club** – The Teen Book Club, developed in 2009, continues to be a popular program. There are two (2) book clubs with about 16-18 teens attending these sessions.

Management Discussion & Analysis
Chickasaw Regional Library System
For the Year Ending June 30, 2011
(Unaudited)

In FY 2011, CRLS staff presented 289 programs for area youth with approximately 9,155 children and caregivers attending system-wide. These numbers are up from past years due to some special author programs.

- **Computer Classes**

For the past eleven (11) years CRLS has offered free computer classes to the public. In FY 2011 a total of 199 citizens attended classes system-wide given in Ardmore and Branch communities. There has been a significant increase in interest in computer training at all levels for adults, many of whom are seniors. Classes on resumé writing have been well received.

- ***“Let’s Talk About It, Oklahoma”***

For many years CRLS has hosted this reading and discussion series which is a theme based program. It is funded by the Oklahoma Humanities Council and partially funded by the National Endowment for the Humanities. There is a \$125 fee for each program series which helps cover the cost of supplies. Each theme-based series has four (4) to five (5) literary works pre-selected for participants to read and discuss with a guest scholar and as a group.

In FY 2011, CRLS sponsored six (6) *“Let’s Talk About It, Oklahoma”* programs. Approximately 24 programs were held with 328 people attending.

Fall 2010

Ardmore

Healdton

Love County

Wilson

Spring 2011

Davis

Sulphur

Management Discussion & Analysis
Chickasaw Regional Library System
For the Year Ending June 30, 2011
(Unaudited)

- **Annual Brunch for School Library Media Specialists and Administrators**

Each year in August CRLS invites school library media specialists, their aides and school administrators from all five counties to join us for brunch, a guest speaker and an update on “what is new” at CRLS libraries, as well as other state and national information that will be important to them as they begin the school year. This is a unique outreach opportunity to remind educators that CRLS libraries and staff are here to help them with resources for their students and faculty. We provide updates on CRLS and statewide databases, as well as other new sources of information. In August 2010 we had approximately 45 attend this event.

- **Miscellaneous Programs**

Throughout the year, CRLS libraries sponsored a variety of programs such as author programs with book signings by local and regional authors, movies, musicians and speakers on specialized subjects, such as genealogy, photography and other topics of interest. In FY 2011, 75 programs system-wide were given for adults with 783 people attending.

In the fall of 2010, CLS received a grant from the Oklahoma Department of Libraries (ODL) for an author/illustrator program for young people. This program was a collaboration between CRLS and the Southeastern Public Library System. The grant was \$5,000 to pay expenses for popular, award winning children’s author Tammi Sauer to do programs in six communities...three of CRLS’ communities and three locations in the Southeastern Library’s region. Tammi entertained and inspired 1,092 children and educators in six (6) programs in Ardmore, Marietta (Love County) and Atoka in two days. In the Southeastern Libraries, she entertained approximately 590 children and educators in five (5) programs. Many give aways were provided for the children and there was a “photo opportunity” with ‘Elvis Poultry’ at most programs.

Management Discussion & Analysis
Chickasaw Regional Library System
For the Year Ending June 30, 2011
(Unaudited)

On November 18, 2010, CRLS hosted a "Patron Appreciation" Reception in Ardmore in celebration of the 50th Anniversary for the Library System. Entertainment was provided by talented high school students from the Brass Ring Theater. Approximately 90 people attended. CRLS received a State of Oklahoma Citation for "50 years of dedicated service" signed by Governor Brad Henry and Senator Johnnie Crutchfield. In addition, a citation was received from the Oklahoma House of Representatives signed by Representative Samson Buck. Mayor John Moore honored the Library System with a "Certificate of Recognition."

Another reception was hosted in Atoka in December to celebrate CRLS' 50 years.

Throughout the year, library personnel do many off-site visits to schools and community organizations providing a variety of special programs. These programs are not documented in this report, but can be if needed. There are no fees in connection with this type of programming.

Please Note: In order to better meet the needs and expectations of the citizens of all ages, all socio-economic levels and multiple education levels, CRLS gives strong focus, planning and energy to programming. This is one more way to promote the value of the public library as an essential community resource center and reach a variety of citizens who have not been library users in the past. It is important to note this supplementary programming is being done with creative planning and scheduling of staff hours **without** hiring additional staff. In FY 2011, attendance at CRLS programs of all types was up over past years.

GRANTS

For FY 2011 a continuing education grant for \$1,214.50 was received from ODL for two (2) staff members. The monies came from federal LSTA funds awarded through ODL for use in Oklahoma. The two (2) staff members used their grants to attend the Oklahoma Library Association Conference in Tulsa in March, 2011.

Management Discussion & Analysis
Chickasaw Regional Library System
For the Year Ending June 30, 2011
(Unaudited)

In the fall of 2010 it was announced that the Oklahoma Department of Libraries (ODL) would be awarded a \$2.3 million grant from the National Telecommunications and Information Administration (NTIA) through the Broadband Technology Opportunities Program (BTOP), part of the American Recovery and Reinvestment Act passed by Congress in 2009. The Bill and Melinda Gates Foundation pledged one (1) million dollars in matchings funds for the BTOP grant.

This \$3.3 million funding will provide increased broadband speed and other technology improvements for 44 rural Oklahoma libraries that submitted the requested data and support letters within strict deadline periods. For CRLS, the BTOP grant, known as "OkConnect", provides increased internet speeds and other technology hardware and services valued at \$286,100.00. There were five (5) CRLS libraries cited for the improvements and upgrades. They are the Ardmore Headquarters, Atoka County, Love County, Johnston County and the Parker Library in Sulphur, Murray County. See the attachment at the end of this report for specific details for each crls library.

Following are additional grants received in FY 2010:

- **"Sooner State Way"** grant for \$47,200 from ODL for renovation of Ardmore Headquarters. Fund raising and planning are in progress for this major project.
- **"Amo Leer"** grant for \$2,500 and children's Spanish books for Love County from the Priddy Family Trust. Over 800 bilingual and Spanish books were received for the Love County Library. The \$2,500 was used for programming, shelving, advertising and other materials. It also partially paid for a bilingual children's computer.
- **Author/Illustrator Visit** for \$5,000 from ODL. This grant is discussed above in "programming" in this report.
- **Reference Books** grant for \$2,000 for the Wilson Public Library. With these funds, the reference collection at Wilson was updated and upgraded.

Management Discussion & Analysis
Chickasaw Regional Library System
For the Year Ending June 30, 2011
(Unaudited)

SPECIAL STUDIES

Recognizing that CRLS' salary schedule and job descriptions were extremely out of date, management and the Board of Trustees hired the Singer Group, a consulting firm specializing in compensation and classification, to complete a study and advise in this area.

Over several months the consultants met with CRLS staff and the Board Personnel Committee. They did a series of interviews at all levels and conducted a comprehensive survey of salaries of regional businesses and library systems in the state.

The final report was completed and presented to the Board Personnel Committee. A new compensation and classification study was approved by the Board. Job descriptions were completed and are being adapted and added to the Personnel section of the Library Manual. Job competencies are currently being developed by a staff committee in conjunction with the consultants.

CRLS spent \$26,194 for these studies and related expenses. The studies have broadened our understanding and appreciation of these important areas of personnel. All staff salaries have been raised to at least the minimum base line of the compensation schedule.

EMPLOYEE TRAINING AND PROFESSIONAL DEVELOPMENT

The Board of Trustees and "management team" place a high value on training, continuing education and professional development for CRLS staff at all levels. Technology is increasingly critical to the services and resources that CRLS provides on a daily basis. In the fast paced world of rapidly changing technology, constant "new" trends, as well as increasing demands from the public and multiple levels of the government, it is critical that CRLS personnel be trained and on the "cutting-edge" of information retrieval, providing excellent

Management Discussion & Analysis
Chickasaw Regional Library System
For the Year Ending June 30, 2011
(Unaudited)

service and “survival techniques” in dealing with the nuances of the public. Yes, the CRLS team serves the public at its best and at its worst. We help those who take “The Public Library” for granted...and even those who **still** think we are a part of and funded by the Chickasaw Nation!

For these reasons, CRLS invests money, time and energy in staff development by encouraging and requiring all staff to attend training, workshops and conferences. Paraprofessional staff are encouraged to attend classes for certification and advanced certification. These classes are offered through a collaborative effort of the Oklahoma Department of Libraries (ODL) and the Oklahoma Library Association (OLA). Continuing education and certification completion, along with other professional commitments, is taken into consideration in annual evaluations and salary increases.

During FY 2011, ten (10) CRLS employees and five (5) Trustees attended a variety of continuing education programs and workshops. This number varies from year to year, depending on how one counts the various workshops and conference programs.

In FY 2011, CRLS spent approximately \$13,887 on continuing education and related travel vs. approximately \$17,625 spent in this area in FY 2010. This portion of CRLS’ budget and expenditures is important and necessary to keep our personnel on the “cutting edge” of the library/information business.

DONATIONS OF NOTE

Throughout the year, clubs and individuals donate books, cash, films and other library materials to be added to CRLS’ collections or used for book sales. Others make cash donations of varying amounts for different reasons, i.e., a “thank you”; a gift in honor of or in memory of an individual; and for special books or materials to be added to the collection.

Management Discussion & Analysis
Chickasaw Regional Library System
For the Year Ending June 30, 2011
(Unaudited)

OUTREACH, PUBLICITY AND PUBLIC RELATIONS

Understanding and communicating with the citizens and communities CRLS serves is a challenge about which we are passionate. We promote the value of our libraries, our resources, our services and our programming at every opportunity. We write articles for our community newspapers, "PSA's" for all radio and TV stations and the cable company. We invite reporters, photographers and legislators to attend special events and programs for unusual stories and photo opportunities. We send cards to congratulate people and organizations on being in the news and other special types of events.

At every opportunity we encourage Trustees and "Friends" to advocate on behalf of:

1. CRLS
2. Quality library services throughout Oklahoma and
3. "Freedom of Access" and user privacy for all library customers

ON THE HORIZON

The Board of Trustees and management continue to recognize that CRLS must go to the citizens for a millage increase in the near future. At two (2) mills, CRLS is the lowest funded library system in the State of Oklahoma. The timing for an election is still under discussion but is the priority goal of the "Long Range Plan" of 2009-2012.

As noted above, most years ad valorem income increases slightly, especially in the growing counties like Carter. **An increase in millage is critical for the survival of the System if we are to continue to provide the level of services that our citizens expect, enjoy and deserve.**

Management Discussion & Analysis
Chickasaw Regional Library System
For the Year Ending June 30, 2011
(Unaudited)

DIRECTOR'S STATEMENT

It continues to be an honor to serve as Director of the Chickasaw Regional (Public) Library System. It is a privilege to work with outstanding Trustees, many dedicated staff members and supportive communities. CRLS has made much progress in the past fifteen (15) plus years. But we still have miles to go. Increasing the millage in each county will be an enormous hurdle and require a huge investment of time and resources.

For additional information contact Lynn A. McIntosh at (580) 223-3164.

Management Discussion & Analysis
Chickasaw Regional Library System
For the Year Ending June 30, 2011
(Unaudited)



Powering the
Possibilities

What the OkConnect project means to the Chickasaw Regional Public Library System and area residents

Five public libraries in the Chickasaw Regional Public Library System are participating. All will have their Internet connection speeds increased from the current 1.54 mpbs to between 10 and 100 mpbs.

Ardmore Headquarters Library

Internet Connection Speed will
increase from the current 1.54 mpbs to 100 mpbs

New Technology and Equipment includes:

- 6 Laptop Computers
- 8 Lending Laptop Computers
- 1 Room-Based Video Conferencing System
- 6 Desktop-Based Video Conferencing Bundles (webcams and headphones)

New Local Area Network Equipment includes:

- 1 Terminating Router
- 1 WiFi Router
- 1 Switch
- 1 Firewall Security Appliance

Estimated Value of Grant to Ardmore Headquarters Library \$60,986.00

Management Discussion & Analysis
Chickasaw Regional Library System
For the Year Ending June 30, 2011
(Unaudited)

Atoka County Library

Internet Connection Speed will
increase from the current 1.54 mbps to 30 mbps

New Technology and Equipment includes:

1 Room-Based Video Conferencing System

New Local Area Network Equipment includes:

1 Terminating Router

1 WiFi Router

1 Switch

1 Firewall Security Appliance

Estimated Value of Grant to Atoka County Library \$89,501.00

Johnston County Library in Tishomingo

Internet Connection Speed will
increase from the current 1.54 mbps to 20 mbps

New Local Area Network Equipment includes:

1 Terminating Router

1 WiFi Router

1 Switch

1 Firewall Security Appliance

Estimated Value of Grant to Johnston County Library \$37,035.00

Love County Library in Marietta

Internet Connection Speed will
increase from the current 1.54 mbps to 10 mbps

New Technology and Equipment includes:

1 Room-Based Video Conferencing System

New Local Area Network Equipment includes:

1 Terminating Router

1 WiFi Router

1 Switch

1 Firewall Security Appliance

Estimated Value of Grant to Love County Library \$42,386.00

Management Discussion & Analysis
Chickasaw Regional Library System
For the Year Ending June 30, 2011
(Unaudited)

Mary E. Parker Memorial Library in Sulphur

Internet Connection Speed will
increase from the current 1.54 mbps to 30 mbps

New Technology and Equipment includes:
1 Room-Based Video Conferencing System

New Local Area Network Equipment includes:
1 Terminating Router
1 WiFi Router
1 Switch
1 Firewall Security Appliance

Estimated Value of Grant to Mary E. Parker Memorial Library \$56,192.00

Total Estimated Value of Grant to Chickasaw Regional Public Library System \$286,100.00

Customers of the libraries will also have access to special Learning and Career Software to assist students with homework; and job seekers with resume creation, interviewing skills and job testing.

The Library System will also receive assistance from the Oklahoma Department of Libraries in completing its annual application for the federal E-Rate program to reflect the new technologies the five libraries are receiving. (E-Rate is the commonly used name for the Schools and Libraries Program of the Universal Service Fund. It makes Internet access more affordable for schools and libraries in America, and provides support to telecommunications companies that give discounts to eligible schools and libraries.)

**Chickasaw Regional Library System
 Combined Government-Wide and Fund Financial Statements
 Statement of Budget to Actual
 For the fiscal year ended June 30, 2011
 (Unaudited)**

	Proposed Budget	Approved Budget	Actual	Variance Favorable (Unfavorable)
<u>REVENUES</u>				
Ad Valorem Taxes	\$ 1,107,439	\$ 1,107,439	\$ 1,200,738	\$ 93,299
Oklahoma Department of Libraries:				
State Aid	76,000	76,000	123,705	47,705
Other Grant Revenues	95,000	95,000	39,597	(55,403)
Interest Revenue	3,000	3,000	2,644	(356)
Miscellaneous & Gift Revenue	72,000	72,000	36,698	(35,302)
Total Revenues	1,353,439	1,353,439	1,403,382	49,943
<u>EXPENDITURES</u>				
Current -				
Staff Expenditures	850,000	850,000	813,942	36,058
Supplies & Other Expenditures	225,000	225,000	333,350	(108,350)
Capital Outlay -	168,439	168,439	0	168,439
Library Materials	110,000	110,000	89,746	20,254
Equipment and Furnishings	-	-	22,621	(22,621)
Total Expenditures	1,353,439	1,353,439	1,259,659	93,780
<u>OTHER FINANCING SOURCES (USES)</u>				
Other Sources (Uses)				
Depreciation	-	-	(193,831)	(193,831)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES				
	\$ -	\$ -	\$ (50,108)	\$ (50,108)

The above does not include library construction receipts and expenditures

CHAMBERS, JACKSON & FOX

A Professional Corporation

Certified Public Accountants

PO Box 1171 * 129 C Northwest
Ardmore, Oklahoma 73402-1171
James A. Chambers III CPA
Donald L. Jackson CPA
Kathy A. Fox, CPA

Phone (580) 223-1877 Fax (580) 223-1880
www.cpa-ok.com
james@cpa-ok.com
don@cpa-ok.com
kathy@cpa-ok.com

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Chickasaw Regional Library System
Ardmore, Oklahoma

We have audited the accompanying financial statements of the governmental activities of Chickasaw Regional Library System, 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 Chickasaw Regional Library System's 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 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.

Management has elected to use the cash basis of accounting, whereby income is recorded when received and expenses are recorded when paid. Accounting principles generally accepted in the United States of America require that income is recorded when earned and expenses are recorded when incurred. The amount by which this departure would affect the assets, fund balances and revenues is not reasonably determinable.

In our opinion, except for the effects of the cash basis of accounting as described in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the respective net assets of the Chickasaw Regional Library System, as of June 30, 2011, and the respective changes in net assets and cash flows thereof for the year then ended in conformity with the cash basis accounting principles in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2011, on our consideration of the Chickasaw Regional 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 that the management's discussion and analysis and budgetary comparison information on pages 3 through 22 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.

Chambers Jackson and Firm PC

Ardmore, Oklahoma
October 25, 2011

Chickasaw Regional Library System
Statement of Net Assets and Governments Funds Balance Sheet
June 30, 2011

<u>ASSETS AND OTHER DEBITS</u>	General	Adjustments	Statement of Net Assets
Assets:			
Cash and Cash Equivalents	\$ 635,960		\$ 635,960
Grant Cash - Note D	1,021		1,021
Receivables – Note E	121,801		121,801
Due from Other Funds	0		0
Property, Plant and Equipment:			
Vehicles	134,051		134,051
Land	166,000		166,000
Building	589,489		589,489
Materials Collection	1,040,396		1,040,396
Equipment and Furniture	1,073,760		1,073,760
Less: Accum Depreciation	(2,178,233)		(2,178,233)
Other Debits			0
Total Assets and Other Debits	\$ 1,584,245	0	\$ 1,584,245
 LIABILITIES, EQUITY AND OTHER CREDITS			
Liabilities:			
Accounts Payable	\$ 0		\$ 0
Accrued Payroll and Related Costs	6,313		6,313
Due to Other Funds			
Total Liabilities	6,313	0	6,313
 Equity and Other Credits:			
Nonspendable	884,254	(884,254)	0
Spendable			
Committed	1,021	(1,021)	0
Assigned	0	0	0
Unassigned	692,656	(692,656)	0
Total Equity and Other Credits	1,577,931	(1,577,932)	0
Total Liabilities, Equity and Other Credits	\$ 1,584,245		0
 Net Assets:			
Nonspendable		884,254	884,254
Spendable			
Committed		1,021	1,021
Unassigned		692,656	692,656
Total Net Assets		\$ 1,577,931	\$ 1,577,931

The accompanying notes are an integral part of these financial statements.

Chickasaw Regional Library System
Statement of Activities and Governmental Fund Statement of Revenues, Expenditures and
Changes in Fund Balances for the Fiscal Year Ended June 30, 2011

	General Fund	Statement Adjustments of Activities
<u>EXPENDITURES</u>		
Current--		
Staff Expenditures	\$ 813,942	\$ 813,942
Supplies & Other Expenditures	49,471	49,471
Operations	283,879	283,879
Capital Outlay		
Equipment/Furnishing & Other		
Fixed Assets-Depreciation	193,831	193,831
Total Expenditures	1,341,123	1,341,123
 <u>REVENUES</u>		
Ad Valorem, Sales Tax &		
City Support	1,200,738	1,200,738
Oklahoma Dept of Libraries	10,715	10,715
State Aid	123,705	123,705
Other Grants/Donations	28,882	28,882
Other Revenues	36,698	36,698
Interest Revenue	2,644	2,644
Total Revenues	1,403,382	1,403,382
 CHANGE IN NET ASSETS		
	62,259	62,259
 FUND BALANCE, JULY 1, 2010		
	1,515,672	1,515,672
 FUND BALANCE JUNE 30, 2011		
	\$ 1,577,931	\$ 1,577,931

The accompanying notes are an integral part of these financial statements.

**Chickasaw Regional Library System
Statement of Cash Flows - Cash Basis
Year ended June 30, 2011**

Cash flows from Operating Activities:

Cash received from taxes, grants, gifts and charges	\$ 1,400,738
Cash paid to suppliers for goods, services and program expenses	(343,009)
Cash paid to and for employees	<u>(813,942)</u>
Net cash provided (used) by operations)	243,787

Cash flows from capital and related financing activities:

Capital investment	
Informational materials	\$ (102,049)
Automated Equipment	(20,490)
Furniture & Fixtures	(2,131)
Net cash provided (used) by capital and related financing activities	<u>(124,670)</u>

Cash flows from Investing Activities

Investment (interest income)	<u>2,644</u>
Net cash provided (used) from investing activities	<u>2,644</u>

Net increase in cash and cash equivalents 131,420

Cash and cash equivalents July 1, 2010 505,560

Cash and cash equivalents June 30, 2011 \$ 636,980

Reconciliation of operating income to net cash provided (used) by operating activities:

Operating income	\$ 62,259
Adjustments to reconcile operating income to net cash provided by operations	
Depreciation	193,831
Decrease in Receivables	1,826
Decrease in liabilities	<u>(14,129)</u>
Cash provided by operating activities	<u><u>\$ 243,787</u></u>

The accompanying notes are an integral part of these financial statements.

Chickasaw Regional Library System
Notes to Financial Statements
June 30, 2011

Note A - Organization

Chickasaw Regional Library System (the Library) is organized under Title 65, Article 4 of the Oklahoma Statutes to operate as a multi-county public library system. The participating counties are Atoka, Carter, Johnston, Love and Murray, which have authorized special tax levies to provide funding for the support of the Library.

Note B – Summary of Significant Accounting Policies

The accounting policies of the Library conform to generally accepted accounting principles, as applicable to governmental units. The *Governmental Accounting Standards Board* is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The new financial reporting requirements of *Governmental Accounting Standards Board (GASB) Statements No. 34* have been implemented with the presentation of the year end June 30, 2009, financial statements. The more significant of Chickasaw Regional Library System's accounting policies are described below.

The Financial Reporting Entity – The Chickasaw Regional Library System is an independent special purpose district established under Title 65 Article 4, Public Library Systems, of the Oklahoma statutes. These statutes authorize and empower counties, cities and towns to join in the creation, development, and operation and maintenance of public libraries systems to serve multi-county districts. Title 65 authorizes special tax levies for the support of library systems to serve multi-county systems established under this act. Under *Governmental Accounting Standards Board (GASB) No. 14*, the system is defined as a Special—Purpose Governmental Unit.

Basis of Presentation—Fund Accounting – The Library uses funds and account groups to report on its financial position and results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

The Statement of Net Assets along with the Statement of Revenues, Expenditures, and Changes in Net Assets and Statement of Cash Flows display information about the reporting government as a whole.

1. Basis of Accounting

The Library prepares its financial statements on the cash basis of accounting. Under this method, support and other revenues are recognized when received rather than when earned and expenses are recognized when paid rather than when incurred. The cash basis of accounting is a comprehensive basis of accounting other than generally accepted accounting principles. However, the Library does capitalize and depreciate fixed assets. Also, payroll taxes are recorded as liabilities in the period the liability is incurred.

2. Budgets

The Library is required by state law to adopt an annual budget. The budget adopted by the Board of Trustees is a non-appropriated budget in that it is a financial plan approved in a manner authorized by statute but not created by an appropriations bill, which is signed into law.

3. Depreciation

Property and equipment are recorded at cost. Depreciation of property and equipment is provided using the straight-line method over the estimated service lives of the assets. Service lives are 30 years for building and 5-7 years for all other assets.

**Chickasaw Regional Library System
Notes to Financial Statements - Continued
June 30, 2011**

4. Contributed Facilities

The Library occupies without charge certain premises located in government-owned buildings. The estimated fair rental value of the premises is not included on the financial statements as it is not determinable at this time.

5. Grants

The Library records income from grants in the period received.

6. Cash and Cash Equivalents

The Library considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Investments are reported at fair value, which is determined using a selected basis. Short-term investments are reported at cost, which approximates fair value.

7. Income Taxes

No provision is made for income taxes. The Library is exempt from taxes under the Internal Revenue Code.

Note C - Employee Benefits

1. Retirement

The Library maintains two retirement plans; a deferred compensation plan under Internal Revenue Code Section 457, wherein the Library contributed up to 7% of an employee's salary after five or more years of consecutive service and a 403 (b) plan wherein the Library contributes up to 7% after five or more consecutive years of service. The Library froze entrance into the IRC Section 457 plan and makes all employee contributions into the new plan. Contributions for the year ended June 30, 2011 were \$36,666.

2. Compensated Absences

Compensated absence is paid for terminating employees up to 240 hours of accumulated annual leave. No sick leave or holiday leave is vested. Total potential liability for compensated absences at June 30, 2011, was \$77,368.

Note D - Commitments and Contingencies and Restricted Assets

Federal Grants

The Library was approved as the recipient for a Federal Library construction grant for Tishomingo, Oklahoma. The grant is a matching grant and Tishomingo has to raise matching funds. The schedule below details the funds raised, grants received and expenditures incurred. The remaining cash is included on the balance sheet as grant cash.

The Library is currently undertaking the expansion and renovation of the Mary E. Parker Memorial Library, Sulphur branch in Sulphur, Oklahoma. As of June 30, 2011 construction is complete, but funding and/or commitments are not complete.

	Johnston County, Oklahoma	Mary E. Parker Memorial Library	Total
Beginning Committed Cash	\$ 1,019	\$ 50	\$ 1,069
Interest Income	2	0	0
Total Local Support	0	0	0
Total Grants, Contributions	1,021	50	1071
Construction Costs	0	50	50
Committed Cash	1,021	0	\$ 1,021

Chickasaw Regional Library System
Notes to Financial Statements - Continued
June 30, 2011

The \$1,021 of committed cash is restricted by third parties for the specific use of library construction. The remaining net assets in the amount of \$1,576,910 are unrestricted by third parties.

Unrestricted net assets	\$ 1,576,910
Committed net assets	1,021
Total Net Assets	\$ 1,577,931

Note E - Related Parties

In order to facilitate support for the Library in the local communities, local chapters known as Friends of the Library are established to receive contributions for library improvements. Each chapter has an advisory board. Some of these chapters have separately incorporated as IRS Code 501-(c)-(3) non-profit organizations. They raise funds for informational materials, fixtures and equipment, and construction funds for the local community library. The Receivables balance of \$121,801 is for funds advanced for the completion of the Mary Parker Library in Sulphur..

Note F - Concentrations of Credit Risk

During the year, the Library maintained deposits of cash in excess of the federally insured amounts. However, the Bank has pledged sufficient collateral to secure the deposits. The following schedule discloses the insured and collateralized amounts.

The Library's bank deposits are categorized below per GASB Statement 3 to give an indication of the level of risk assumed at year-end. Deposits of the Library are carried at cost. The carrying amount of deposits is stated in the balance sheet as "cash" and "certificates of deposits and savings."

Deposits by type at June 30, 2011, are as follows:

<u>Deposits</u>	<u>Risk Category</u>			<u>Bank Balance</u>	<u>Financial Statement Carrying Amount</u>
	<u>1</u>	<u>2</u>	<u>3</u>		
Demand deposits	\$ 14,188	-0-	\$ -0-	\$ 14,188	\$ 14,188
Certificates of Deposit	-0-	-0-	-0-	-0-	-0-
Money Market	-0-	622,792	-0-	622,792	622,792
Totals	<u>\$ 14,188</u>	<u>\$ 622,792</u>	<u>\$ -0-</u>	<u>\$636,980</u>	<u>\$636,980</u>

- (1) Insured or collateralized with securities held by the entity or by its agent in the entity's name.
- (2) Collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name.
- (3) Uncollateralized.

Note G - Economic Dependency

The Library receives a substantial portion of its support from ad valorem tax levies in the counties in which it operates. Any change in Oklahoma statutes regarding library tax levies, were they to occur, might have a significant effect on the Library's operations.

**Chickasaw Regional Library System
Notes to Financial Statements – Continued
June 30, 2011**

Note H - Risk Management

The Library 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. The Library carries commercial insurance for risks of loss, including workers' compensation and general liability. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note I – Changes in Capital Assets

The following provides a summary of changes in capital assets:

	Land	Automated Equipment	Building	Furniture and Fixtures	Informational Materials	Vehicles	Totals
Balance July 1, 2010	\$ 166,000	\$ 702,688	\$589,489	\$ 348,451	\$ 950,650	\$ 134,051	\$ 2,891,329
Increases	0	20,490	0	2,131	89,746	0	112,367
Decreases	0	0	0	0	0	0	0
Balance June 30, 2011	166,000	723,178	589,489	350,582	1,040,396	134,051	3,003,696
Accumulated Depreciation Balance July 1, 2010	0	500,705	375,331	266,693	719,670	122,003	1,984,402
Increase	0	52,829	5,948	14,928	115,462	4,664	193,831
Decrease	0	0	0	0	0	0	0
Balance June 30, 2011	0	553,534	381,279	281,621	835,132	126,667	2,178,233
Net Governmental Activities Balance June 30, 2011	\$ 166,000	\$ 169,644	\$ 208,210	\$ 68,961	\$ 205,264	\$ 7,384	\$ 825,463

The Library estimates that certain informational materials deteriorate, are lost, or become outdated. Therefore the Library has estimated a decrease in informational materials approximately equivalent to amounts recorded prior to June 30, 2001 (10 years).

Note J – Subsequent Events

Management has evaluated all events subsequent to the balance sheet date of June 30, 2011 through the date of issuance of these financial statements, October 25, 2011, and has determined that there are no subsequent events that require disclosure under generally accepted accounting principles.

CHICKASAW REGIONAL LIBRARY SYSTEM

SUPPLEMENTAL INFORMATION

CHAMBERS, JACKSON & FOX
A Professional Corporation
Certified Public Accountants

PO Box 1171 * 129 C Northwest
Ardmore, Oklahoma 73402-1171
James A. Chambers III CPA
Donald L. Jackson CPA
Kathy A. Fox, CPA

Phone (580) 223-1877 Fax (580) 223-1880
www.cpa-ok.com
james@cpa-ok.com
don@cpa-ok.com
kathy@cpa-ok.com

**Independent Auditors' Report on Supplemental Information
Including the Schedule of Federal and State Financial Assistance**

Board of Directors
Chickasaw Regional Library System
Ardmore, Oklahoma

We have audited the financial statements of Chickasaw Regional Library System (the Library) as of and for the year ended June 30, 2011, and have issued our report thereon dated October 25, 2011. These financial statements are the responsibility of the Library's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *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 test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and 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.

Our audit was conducted for the purpose of forming an opinion on the financial statements of the Library taken as a whole. The accompanying supplemental information, including schedule of federal and state financial assistance, is presented for purposes of additional analysis and is not a required part of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

Chambers Jackson and The PC

Ardmore, Oklahoma
October 25, 2011

**Chickasaw Regional Library System
Schedule of Program and Support
Services Expenses - Cash Basis
Year ended June 30, 2011
(Unaudited)**

Salaries	\$ 642,535
Payroll Taxes	53,390
Employee Benefits	118,018
Contractual Expense	122,299
Equipment Repair and Maintenance	13,033
Supplies	61,648
Postage	10,329
Janitorial	12,885
Insurance	13,936
Utilities, Telephone	18,360
Vehicle Operations	8,425
Dues	3,321
Continuing Education	33,102
Travel and Mileage	6,919
Revaluation	24,757
Miscellaneous, other	<u>4,195</u>
TOTAL	<u>\$1,147,152</u>

**Chickasaw Regional Library System
Schedule of Federal and State Financial Assistance
Year ended June 30, 2011
(Unaudited)**

<u>Program Sources</u>	<u>CFDA Number</u>	<u>Project Amount</u>	<u>Receipts Recognized</u>	<u>Expenses Paid</u>
State of Oklahoma:				
Oklahoma Department of Libraries State Aid		\$ 76,505	\$ 76,505	\$ 76,505
United States Government passed through the Oklahoma Department of Libraries				
Library Sciences and Technology Act	45.310			
State Aid for the Development and Expansion of Library Service		47,200	47,200	0
Youth/Authors Grant		5,000	5,000	5,000
Reference Books Grant		2,000	2,000	2,000
Continuing Education Grant		<u>1,215</u>	<u>1,215</u>	<u>1,215</u>
Total State of Oklahoma Assistance		<u>\$131,920</u>	<u>\$131,920</u>	<u>\$ 84,720</u>

CHAMBERS, JACKSON & FOX

A Professional Corporation

Certified Public Accountants

PO Box 1171 * 129 C Northwest
Ardmore, Oklahoma 73402-1171
James A. Chambers III CPA
Donald L. Jackson CPA
Kathy A. Fox CPA

Phone (580) 223-1877 Fax (580) 223-1880
www.cpa-ok.com
james@cpa-ok.com
don@cpa-ok.com
kathy@cpa-ok.com

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
Chickasaw Regional Library System
Ardmore, Oklahoma

We have audited the financial statements of the governmental activities, the major fund, and the aggregate remaining funds information of Chickasaw Regional Library System, as of and for the year ended June 30, 2011, which collectively comprise the Chickasaw Regional Library System's basic financial statements and have issued our report thereon dated October 25, 2011. 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 Chickasaw Regional 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 Chickasaw Regional Library System's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Chickasaw Regional 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 Chickasaw Regional 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 Directors, 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.

Chamber Jackson and Fox PC

Ardmore, Oklahoma
October 25, 2011